The Colony, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2019

THE
COLONY
City by the Lake

CITY OF THE COLONY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

As Prepared By

The Finance Department

David Cranford, Director

THE
COLONY
City by the Lake

CITY OF THE COLONY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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INTRODUCTORY SECTION

THE COLONY
City by the Lake

March 30, 2020

The Honorable Mayor and Members of the City Council City of The Colony, Texas

The Finance Department of the City of The Colony is pleased to submit the Comprehensive Annual Financial Report of the City of The Colony, Texas, for the fiscal year ended September 30, 2019.

This report is published to provide the City Council, Management Staff, our Citizens and other interested parties with detailed information concerning the financial condition and performance of the City Government. Responsibility for the accuracy and completeness of the presented data and the fairness of the presentation, including all disclosures, rests with the City of The Colony.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

THE REPORT

The Financial Section includes the Management's Discussion and Analysis (MD&A) and basic financial statements. This section also includes the independent accountants' report on the basic financial statements. The MD&A provides narrative introduction, overview, and analysis. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Statistical Section includes selected tables of comparative economic and financial data, generally presented on a multi-year basis, as well as demographic and other pertinent miscellaneous and operational statistics.

The Financial Statements included in this report were prepared in accordance with accounting principles generally accepted in the United States of America for local governments as prescribed by the Governmental Accounting Standards Board (GASB), The National Council on Governmental Accounting (NCGA), and the American Institute of Certified Public Accountants (AICPA). The financial statements have been audited by the independent accounting firm of Certified Public Accountants, Weaver and Tidwell, L.L.P., whose report is included herein.

POPULATION

The City's population has grown steadily since the early 2000's and is currently estimated at 55,000. Most recent residential growth is due to continued development at the Tribute (formerly known as Wynnwood Peninsula) and Austin Ranch just south of SH121.

The City's 2018 Ad Valorem tax base increased from the prior year by a little over 13% or $641 million to $5.167 billion.

Sales tax revenues in the General Fund increased almost $935k or 13.8% from the previous year and reflect businesses locating along SH121. Sales tax represents approximately 18% of the City's General Fund total income.

Water and sewer revenues in 2018-2019 decreased by about $1 million dollars to $17.5 million due primarily to wetter summer months. The prior year, 2017-2018, saw record revenues due to the dry summer months.

Ad Valorem Tax Rate

Ad Valorem tax rate was reduced from $.665 to $.6625 per $100 valuation for fiscal year 2018-19. Council's expectation is to continue to reduce the tax rate as additional revenues from growth and increased property valuations permit.

Fund Balance - General Fund

Reserves in the General Fund increased by a little over $600k from the prior fiscal year to a little over 15 million or 132 operating days. Council's goal is 90 days.

Fund Balance - Utility Fund

Utility Fund reserves increased a little over $887k during the fiscal year to just under $7.75 million or 122 operating days. Council's goal is 60 days.

PROSPECT FOR THE FUTURE

The Colony's prospects for the future are promising and very optimistic. Most recent economic drivers are:

Completion of Sam Rayburn Tollway (formerly known as State Highway 121), provides easy access to the north entrance of the DFW International Airport. The Tollway also provides easy access to Dallas and George Bush Tollways and Interstate 75, making access to most of the Metroplex easy.

Reconstruction of Arterial Streets was completed several years ago. Reconstruction of FM426 (Main St) was completed in late 2017.

This is the 5th year of activity for the Local Development Corporation component unit established to govern the City's interest in the TIRZ ONE.

This is the third year of an operating PID assessment established by the City to maintain the Grandscape grounds. Council approves the annual PID operating assessment for TIRZ ONE property owners during the meeting in which the tax rate is approved.

FINANCIAL MANAGEMENT

The Colony continues to evaluate operating activity to help ensure services are provided as efficiently as possible. Service levels are reviewed in conjunction with revenues, expenses, and reserves to help ensure the best possible use is made of available resources.

Long-term Financial Planning

The budget process provides a road map for short-term and long-term needs and aids in the allocation of limited resources to prioritized services and needs. Each year a Capital Improvement Program is developed which helps gauge future funding priorities and is the foundation on which annual budgets are built. Revenues, expenses, and capital needs are projected for each of the five following years to identify service needs and financing available. Staff helps Council with the challenge of prioritizing and providing efficient and effective services to the community with current and future available funds.

As a combined effort, the City Manager's Office, Finance Director, and all departments monitor revenues and expenditures throughout the year. Appropriate actions are taken to control expenditures, and to make adjustments when revenues fall short of expectations.

Relevant Financial Policies

The City has strong financial management policies that provide the basis for the City's financial operations.

The City's goal is to always maintain at 80 operating days in unassigned fund balance for the general fund, and 60 operating days in water and sewer unrestricted net positions.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of The Colony, Texas, for its comprehensive annual financial report for the fiscal year ended September 30, 2018. (This was the 29th consecutive year that The Colony has achieved this prestigious award.) In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA' s Distinguished Budget Presentation Award for its annual budget document for the year beginning October 1, 2018. The City has received the award annually since the budget year beginning on October 1, 1993. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operation guide, and a communications device.

ACKNOWLEDGEMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would also like to thank the Mayor and City Council for their interest and leadership in planning and conducting the financial operations of the City of The Colony in a responsible and progressive manner.

Respectfully submitted,

Troy Powell, City Manager

David Cranford, Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of The Colony

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

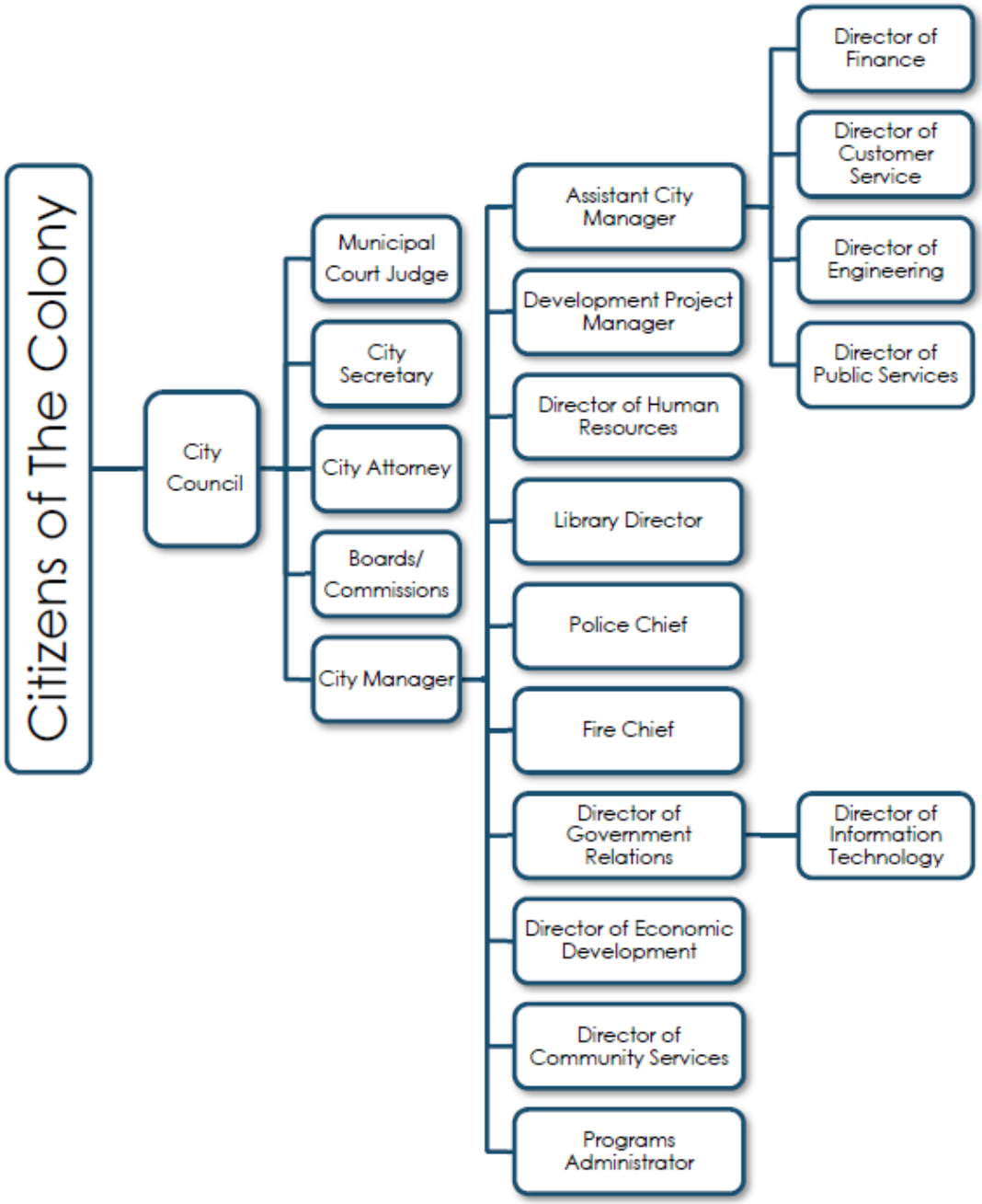
Executive Director/CEO

CITY OF THE COLONY, TEXAS

ORGANIZATIONAL CHART

SEPTEMBER 30, 2019

Staff Organization



CITY OF THE COLONY, TEXAS

CITY STAFF

SEPTEMBER 30, 2019

City Staff

City Manager's Office	Troy Powell, City Manager
City Manager's Office	Tim Miller, Assistant City Manager
City Manager's Office	Tod Maurina, Development Project Manager
City Manager's Office	Brant Shallenburger, Director of Government Relations
City Secretary's Office	Tina Stewart, City Secretary
Information Technology	Chris Vasquez, Director
Human Resources	Rodney Wallican, Director
Finance	David Cranford, Director
Public Services	Evan Groeschel, Director
Engineering	Ron Hartline, Director
Fire	Scott Thompson, Chief
Police	David Coulon, Chief
Municipal Court	Constance White, Court Administrator
Parks and Recreation/ Community Development	Pam Nelson, Director of Community Services
Economic Development	Keri Samford, Director
Library	Megan Charters, Director
Utility Administration/ Customer Services	Molly Owczar, Director

FINANCIAL SECTION

THE
COLONY
City by the Lake

Independent Auditor's Report

To the Honorable Mayor,
City Council, and City Manager
City of the Colony, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of The Colony, Texas (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor,
City Council, and City Manager
City of the Colony, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-13, TMRS pension and OPEB schedules on pages 69-72, and the budgetary comparison information on pages 73 and 74, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Mayor,
City Council, and City Manager
City of the Colony, Texas

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 30, 2020

THE
COLONY
City by the Lake

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE
COLONY
City by the Lake

CITY OF THE COLONY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

The City of The Colony (the City) is providing this narrative overview and analysis of its financial activities for the fiscal year ended September 30, 2019. This Management's Discussion and Analysis (MD&A) provides additional information that was not contained in the Letter of Transmittal. Readers are advised to read both to gain understanding of the financial picture of the City. This discussion and analysis includes prior year data for comparison purposes.

Financial Highlights

- The City's total assets and deferred outflows of resources exceeded the City's total liabilities and deferred inflows of resources at the close of the fiscal year by $326,003,907. Of this amount $13,202,254 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by $4,281,833 which was primarily due to developer contributions for both governmental and business-type activities.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $39,426,156, a decrease of $658,683. The general fund reported an increase in fund balance of $1,002,971. The capital projects fund had a decrease in fund balance of $3,147,296 primarily due to capital outlay which exceeded current year proceeds from issuing debt. Out of the $39,426,156 of fund balances in the governmental funds, $15,193,192 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was $15,213,908 or 35.42% of total general fund expenditures.
- The City's non-current liabilities increased by $17,456,849 (13.4%) during the current fiscal year. The City issued $18,710,000 of certificates of obligation during 2019.

Overview of the Financial Statements

The MD&A serves as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

The report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as incurred regardless of when cash is received or paid. Thus, revenues and expenses are reported on accrual basis even though cash flows occur in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, sanitation, and culture and recreation. The business-type activities of the City include water and sewerage operation.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation, legally separate community development corporation, legally separate local development corporation, and legally separate tax increment reinvestment zone, for which the City of The Colony is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- Governmental Activities – Most of the City's basic services are reported as governmental activities, including the general government, public safety, municipal court, public works, culture and recreation, planning and zoning, public improvements, and code enforcement. Taxes and intergovernmental revenues principally support these services.
- Business-type Activities – Functions that are intended to recover all or a significant portion of their costs through user fees and charges are considered business-type activities. The business-type activities of the City include Water and Sewer Utility.
- Component Units – The City includes three separate legal entities, The Colony Economic Development Corporation, The Colony Community Development Corporation, and The Colony Local Development Corporation in its report. Although they are legally separate, they are included as component units because the City is accountable for them. Financial information for these component units is reported separately from the financial information presented for the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the City can be divided into two categories:

1. **Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

   Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

   The City maintains 19 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, and the Capital Projects Fund, all of which are considered to be major funds. Non-major governmental funds are aggregated in total.

   The City adopts annual appropriated budgets for its General Fund, Debt Service Fund, Lake Parks Fund, Special Events Fund, Hotel/Motel Taxes Fund, Child Safety Fund, and Storm Water Utility Fund. The budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

2. **Proprietary funds** – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operation. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water and sewer utility fund is considered to be a major fund of the City.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City. This MD&A is part of the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of the close of the current fiscal year, the City's net position totaled $326,003,907.

The largest portion of the City's net position (93%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot generate revenues to liquidate these liabilities.

An additional portion of the City's net position (3%) represents resources that are subject to external restrictions on how they may be used (primarily for debt service and infrastructure improvements). The remaining balance of net position ($13,202,254) may be used to meet the government's ongoing obligations to citizens and creditors.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 45,192,950	$ 47,491,494	$ 28,509,793	$ 26,297,332	$ 73,702,743	$ 73,788,826
Capital assets	247,517,848	233,901,817	152,207,252	149,695,629	399,725,100	383,597,446
Total assets	292,710,798	281,393,311	180,717,045	175,992,961	473,427,843	457,386,272
Deferred outflows of resources	7,229,732	4,008,100	1,835,008	1,472,183	9,064,740	5,480,283
Long-term liabilities outstanding	81,445,719	67,704,505	65,939,868	62,224,233	147,385,587	129,928,738
Other liabilities	5,849,150	5,312,363	2,982,644	3,575,686	8,831,794	8,888,049
Total liabilities	87,294,869	73,016,868	68,922,512	65,799,919	156,217,381	138,816,787
Deferred inflows of resources	228,814	2,023,621	42,481	304,073	271,295	2,327,694
Net position:						
Net investment in capital assets	197,783,498	193,724,440	103,881,697	103,990,659	301,665,195	297,715,099
Restricted	9,097,438	7,932,454	2,039,020	2,482,944	11,136,458	10,415,398
Unrestricted	5,535,911	8,704,028	7,666,343	4,887,549	13,202,254	13,591,577
Total net position	$ 212,416,847	$ 210,360,922	$ 113,587,060	$ 111,361,152	$ 326,003,907	$ 321,722,074

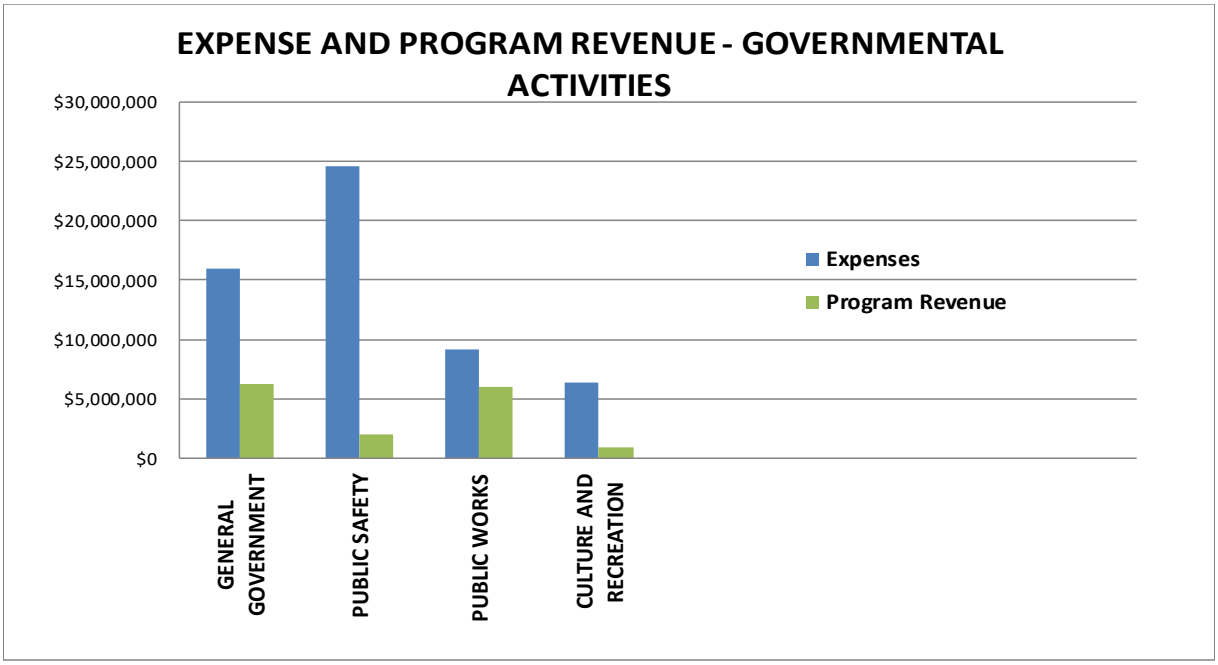
At the end of the current fiscal year, the City has positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

The City's net position increased by $4,281,833. Total assets increased by $ 16,041,571 . Capital assets increased by $16,127,654, while current and other assets decreased by $ 86,083 .

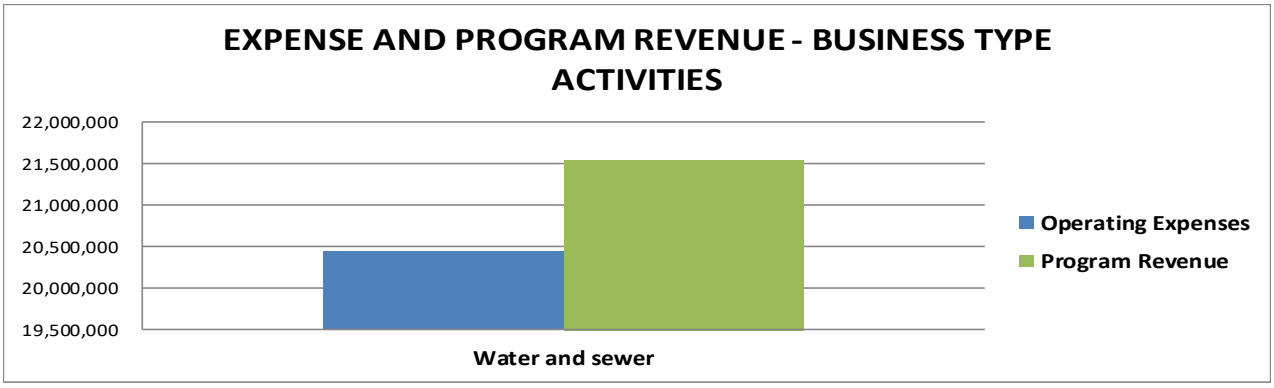
Change in Net Position

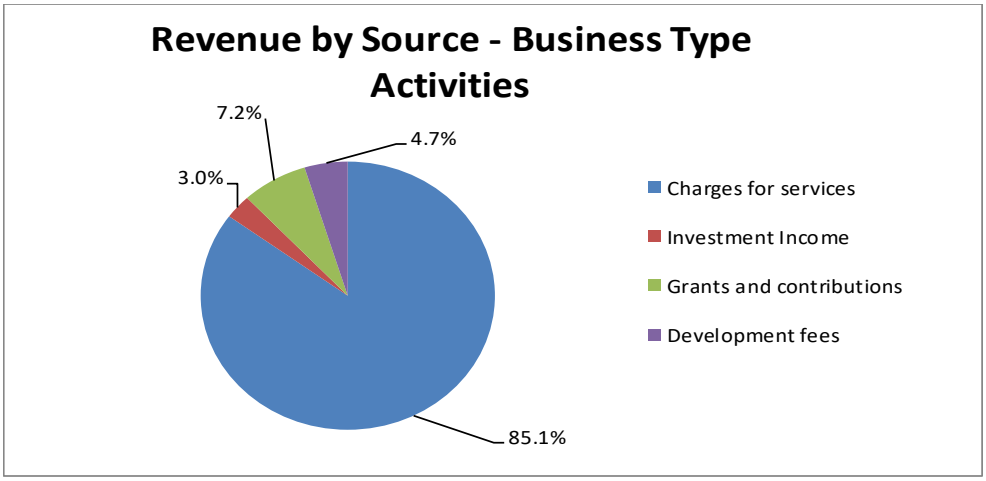
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 7,466,543	$ 7,423,544	$ 18,885,913	$ 20,009,706	$ 26,352,456	$ 27,433,250
Operating grants and contributions	1,846,995	103,553	-	-	1,846,995	103,553
Capital grants and contributions	5,869,468	10,158,807	2,663,115	3,622,560	8,532,583	13,781,367
General revenues:						
Property taxes	31,201,290	27,718,421	-	-	31,201,290	27,718,421
Sales taxes	8,090,511	7,100,104	-	-	8,090,511	7,100,104
Franchise taxes	2,737,190	2,705,950	-	-	2,737,190	2,705,950
Other taxes	1,532,041	1,525,722	-	-	1,532,041	1,525,722
Interest	1,075,171	729,690	650,030	356,102	1,725,201	1,085,792
Miscellaneous	895,376	1,521,033	-	-	895,376	1,521,033
Total revenues	60,714,585	58,986,824	22,199,058	23,988,368	82,913,643	82,975,192
Expenses:						
General government	15,928,203	17,442,292	-	-	15,928,203	17,442,292
Public safety	24,524,067	19,917,944	-	-	24,524,067	19,917,944
Public works	9,100,156	15,129,445	-	-	9,100,156	15,129,445
Culture and recreation	6,377,301	6,011,423	-	-	6,377,301	6,011,423
Interest on long-term debt	2,254,447	1,729,008	-	-	2,254,447	1,729,008
Water and sewer	-	-	20,447,636	19,670,658	20,447,636	19,670,658
Total expenses	58,184,174	60,230,112	20,447,636	19,670,658	78,631,810	79,900,770
Increase (decrease) in net position before transfers	2,530,411	(1,243,288)	1,751,422	4,317,710	4,281,833	3,074,422
Transfers	(474,486)	(5,397,569)	474,486	5,397,569	-	-
Increase (decrease) in net position	2,055,925	(6,640,857)	2,225,908	9,715,279	4,281,833	3,074,422
Net position, as previously reported	210,360,922	217,613,784	111,361,152	101,735,073	321,722,074	319,348,857
Change in accounting princple	-	(612,005)	-	(89,200)	-	(701,205)
Beginning net position (October 1)	210,360,922	217,001,779	111,361,152	101,645,873	321,722,074	318,647,652
Ending net position (September 30)	$ 212,416,847	$ 210,360,922	$ 113,587,060	$ 111,361,152	$ 326,003,907	$ 321,722,074

Governmental Activities - Governmental activities increased the City's net position by $2,055,925 compared to a decrease of $6,640,857 in the prior year primarily due to the net effect of a $708,000 transfer of funds to the water and sewer fund for utility capital projects and transfers in of $233,514 for infrastructure projects within the capital projects fund along with developer contributions of $2,833,213.



Business-type Activities - Business-type activities increased the City's net position by $2,225,908. The overall increase in net position is primarily due to developer contributions of $1,303,743, contributions from the City's economic development corporation of $305,548, and net transfers in from governmental activities of $474,486.





Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $39,426,156 a decrease of $658,683 in comparison with the prior year. Approximately 38.54% of this total amount ($15,193,192) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it has already been committed, restricted, or is nonspendable for:

1. Capital projects ($18,082,244) including infrastructure projects to be funded with intergovernmental revenues,
2. Debt service ($1,183,290),
3. Parks ($963,305),
4. Various purposes ($3,694,856),
5. Inventory and prepaid items ($309,269).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $15,213,908. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 35.42% of total general fund expenditures (excluding transfers to other funds).

The fund balance of the City's General Fund increased by $1,002,971 during the current fiscal year due to an excess of revenues over expenditures of $1,581,358 primarily due to a $1.95 million increase in ad valorem taxes.

The Debt Service Fund has a total fund balance of $1,183,290, all of which is restricted for the payment of debt service. The increase in fund balance during the current year in the Debt Service Fund was $23,728. The City has a dedicated property tax for general debt service. The property tax produced debt service fund revenues of $7,538,736 in the current fiscal year while debt service payments for principal and interest on debt were $9,140,535. The principal and interest debt payments were also funded through the City's Community Development Corporation which contributed $1,506,728 in order to pay down the remaining principal and interest of the General Obligation Bonds, Series 2010.

The Capital Projects Fund has a total fund balance of $18,082,460, all of which is restricted for future expenditures of currently approved capital items. The decrease in fund balance during the current year, $3,147,296, was attributable to the net effect of the issuance of new bonds and capital outlay.

Proprietary funds. The City's proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail. Operating revenues in the water and sewer fund totaled $18,885,913, a decrease of $ 1,123,793 from the prior year due to decreased water consumption. Operating expenses totaled $18,289,236, an increase of $ 760,239 due to increases in personnel, maintenance and contractual services costs.

General Fund Budgetary Highlights

During the year, there was a slight increase in appropriations of $101,229 between the original and final budget. Overall, revenues had a $5,930,952 positive variance primarily due to receiving non-recurring miscellaneous revenue that was unavailable in the prior year. There was a positive budget variance of $880,513 between final budget and actual expenditures which was primarily due to less non departmental costs being incurred than expected.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to $399,725,100 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, water and sewer system infrastructure improvements, machinery and equipment, park facilities, and roads. The City's overall investment in capital assets for the current fiscal year increased by three percent (a five percent increase for governmental activities and a two percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Construction in progress of the City's new fire station of $7.4 million
- A portion of the Phases VI & VII – Streets being completed for $3.3 million
- The completion of the Wastewater Treatment Plant Expansion Project for $20.8 million – Stewart's Creek.

Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Capital Assets Being Depreciated:						
Water systems	$ -	$ -	$ 63,766,025	$ 65,292,695	$ 63,766,025	$ 65,292,695
Sanitary sewer systems	-	-	72,321,994	47,682,282	72,321,994	47,682,282
Drainage system	-	-	46,474	72,967	46,474	72,967
Buildings	16,175,441	17,121,645	152,508	166,540	16,327,949	17,288,185
Improvements other than buildings	11,048,453	10,464,604	-	-	11,048,453	10,464,604
Aquatic Park	765,807	743,198	-	-	765,807	743,198
Machinery and equipment	4,747,241	4,533,797	2,119,804	1,892,066	6,867,045	6,425,863
Infrastructure	165,131,282	161,810,585	8,417,956	8,858,510	173,549,238	170,669,095
	$ 197,868,224	$ 194,673,829	$ 146,824,761	$ 123,965,060	$ 344,692,985	$ 318,638,889
Capital Assets Not Being Depreciated:						
Land and land improvements	$ 4,510,684	$ 4,510,684	$ 3,273,472	$ 3,273,472	$ 7,784,156	$ 7,784,156
Right-of-ways	25,571,036	25,571,036	-	-	25,571,036	25,571,036
Construction in progress	19,567,904	9,146,268	2,109,019	22,457,097	21,676,923	31,603,365
	$ 49,649,624	$ 39,227,988	$ 5,382,491	$ 25,730,569	$ 55,032,115	$ 64,958,557

Additional information on the City's capital assets can be found in Note 4 on pages 45-47 to the basic financial statements.

Outstanding Debt

	Government Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	$ 11,518,300	$ 15,711,300	$ 18,051,700	$ 20,873,700	$ 29,570,000	$ 36,585,000
Certificates of Obligation	46,861,850	37,356,650	41,438,150	36,043,350	88,300,000	73,400,000
Capital Leases	1,740,304	595,597	-	-	1,740,304	595,597
	$ 60,120,454	$ 53,663,547	$ 59,489,850	$ 56,917,050	$ 119,610,304	$ 110,580,597

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $117,870,000. The entire amount represents debt backed by the full faith and credit of the City. The City also had capital leases payable of $1,740,304 at fiscal year-end.

The City's total long-term liabilities increased by $17,456,849 during the current fiscal year. The most significant factor in this increase was the issuance of $18,710,000 Certificates of Obligation.

Additional information on the City's long-term debt can be found in Note 5 on pages 48-54 to the basic financial statements.

The City's general and revenue obligations maintain an AA+ rating, respectively, from Standard & Poor's and an Aa3 rating respectively from Moody's Investors Service. The high rating speaks well of the City's proactive approach to economic development and financial management.

The revenue supported debt in the Water and Sewer Fund is limited to the net revenues equal to at least 1.10 times the maximum annual principal and interest requirements and 1.25 times the average annual principal and interest requirements of all parity bonds to be outstanding.

Economic Factors and Next Year's Budgets and Rates

- Total current Ad Valorem Taxes budgeted for fiscal year 2020 are $33,891,640 which is a $4,121,344 increase from the prior year. The increase is due to an increase in the City's tax base of about $641 million, offset by a reduction in the tax rate from 66.25 to 66.00 cents per $100 dollars of valuation.
- Total sales tax is projected to remain strong due to continued economic growth from commercial construction.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, The City of The Colony, 6800 Main Street, The Colony, Texas 75056.

THE
COLONY
City by the Lake

BASIC FINANCIAL STATEMENTS

THE
COLONY
City by the Lake

GOVERNMENT – WIDE
FINANCIAL STATEMENTS

THE
COLONY
City by the Lake

CITY OF THE COLONY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash and cash equivalents	$ 40,837,335	$ 22,446,057	$ 63,283,392	$ 10,696,131
Receivables (net of allowance for uncollectibles)	4,046,346	2,428,146	6,474,492	2,327,984
Inventories	84,677	30,459	115,136	-
Prepaid expenses	224,592	7,496	232,088	3,856,651
Restricted:				
Cash and cash equivalents	-	3,597,635	3,597,635	25,224,145
Capital assets:				
Non-depreciable	49,649,624	5,382,491	55,032,115	30,417,863
Depreciable (net of depreciation)	197,868,224	146,824,761	344,692,985	-
TOTAL ASSETS	292,710,798	180,717,045	473,427,843	72,522,774
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	650,743	783,460	1,434,203	-
Deferred outflows - OPEB	45,792	6,673	52,465	-
Deferred outflows - pensions	6,533,197	1,044,875	7,578,072	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,229,732	1,835,008	9,064,740	-
LIABILITIES				
Accounts payable and accrued liabilities	5,421,597	1,602,179	7,023,776	1,388,121
Accrued interest payable	320,089	-	320,089	5,836,952
Retainage payable	107,464	-	107,464	-
Payable from restricted assets:				
Accounts payable and accrued liabilities	-	10,312	10,312	-
Accrued interest payable	-	324,808	324,808	-
Customer meter deposits	-	1,045,345	1,045,345	-
Non-current liabilities:				
Due within one year	8,675,912	5,490,672	14,166,584	1,250,518
Due in more than one year	72,769,807	60,449,196	133,219,003	201,893,862
TOTAL LIABILITIES	87,294,869	68,922,512	156,217,381	210,369,453
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - OPEB	57,681	8,407	66,088	-
Deferred inflows - pensions	171,133	34,074	205,207	-
TOTAL DEFERRED INFLOWS OF RESOURCES	228,814	42,481	271,295	-
NET POSITION				
Net investment in capital assets	197,783,498	103,881,697	301,665,195	(134,138,185)
Restricted for:				
Debt service	863,999	-	863,999	-
Government funded construction contracts	4,538,583	2,039,020	6,577,603	-
Other	3,694,856	-	3,694,856	-
Unrestricted	5,535,911	7,666,343	13,202,254	(3,708,494)
TOTAL NET POSITION	$ 212,416,847	$ 113,587,060	$ 326,003,907	$ (137,846,679)

The Notes to Financial Statements are an integral part of this statement.

CITY OF THE COLONY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	$ 15,928,203	$ 2,655,534	$ 1,744,415	$ 1,844,975
Public safety	24,524,067	1,906,360	102,360	-
Public works	9,100,156	2,045,067	-	4,011,923
Culture and recreation	6,377,301	859,582	220	12,570
Interest on long-term debt	2,254,447	-	-	-
Total governmental activities	58,184,174	7,466,543	1,846,995	5,869,468
Business-type Activities:				
Water and sewer	20,447,636	18,885,913	-	2,663,115
Total business-type activities	20,447,636	18,885,913	-	2,663,115
TOTAL PRIMARY GOVERNMENT	$ 78,631,810	$ 26,352,456	$ 1,846,995	$ 8,532,583
COMPONENT UNITS:				
The Colony Economic Development Corporation	$ 5,048,246	$ -	$ -	$ -
The Colony Community Development Corporation	6,157,091	-	-	-
The Colony Local Development Corporation	8,384,509	-	3,134,212	-
TOTAL COMPONENT UNITS	$ 19,589,846	$ -	$ 3,134,212	$ -

General Revenues and Transfers:
- Taxes:
  - Property taxes, levied for general purposes
  - Sales taxes
  - Franchise taxes
  - Hotel/motel taxes
  - Penalties and interest
- Interest on investments
- Miscellaneous
- Transfers

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION, beginning of year

NET POSITION, end of year

The Notes to Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business - Type Activities	Total	Component Units
$ (9,683,279)	$ -	$ (9,683,279)	$ -
(22,515,347)	-	(22,515,347)	-
(3,043,166)	-	(3,043,166)	-
(5,504,929)	-	(5,504,929)	-
(2,254,447)	-	(2,254,447)	-
(43,001,168)	-	(43,001,168)	-
-	1,101,392	1,101,392	-
-	1,101,392	1,101,392	-
$ (43,001,168)	$ 1,101,392	$ (41,899,776)	$ -
$ -	$ -	$ -	$ (5,048,246)
-	-	-	(6,157,091)
-	-	-	(5,250,297)
$ -	$ -	$ -	$ (16,455,634)
$ 31,092,818	$ -	$ 31,092,818	$ -
8,090,511	-	8,090,511	18,574,688
2,737,190	-	2,737,190	-
1,532,041	-	1,532,041	-
108,472	-	108,472	-
1,075,171	650,030	1,725,201	511,096
895,376	-	895,376	6,158
(474,486)	474,486	-	-
45,057,093	1,124,516	46,181,609	19,091,942
2,055,925	2,225,908	4,281,833	2,636,308
210,360,922	111,361,152	321,722,074	(140,482,987)
$ 212,416,847	$ 113,587,060	$ 326,003,907	$ (137,846,679)

THE
COLONY
City by the Lake

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

EXHIBIT 3

CITY OF THE COLONY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	$ 15,342,273	$ 1,164,012	$ 19,638,147	$ 4,692,903	$ 40,837,335
Receivables, net of allowances for uncollectibles:					
Ad valorem taxes	281,102	20,076	-	-	301,178
Service accounts receivable	165,673	-	-	-	165,673
Franchise taxes	502,824	-	-	-	502,824
Sales taxes	2,327,984	-	-	-	2,327,984
Other	511,533	-	1,302	235,852	748,687
Prepaid	211,060	-	216	13,316	224,592
Inventory	84,677	-	-	-	84,677
TOTAL ASSETS	$ 19,427,126	$ 1,184,088	$ 19,639,665	$ 4,942,071	$ 45,192,950
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	$ 3,680,546	-	$ 1,449,741	$ 291,310	$ 5,421,597
Retainage payable	-	-	107,464	-	107,464
TOTAL LIABILITIES	3,680,546	-	1,557,205	291,310	5,529,061
DEFERRED INFLOWS OF RESOURCES					
Unavailable resources - property taxes	198,489	798	-	-	199,287
Unavailable resources - other	38,446	-	-	-	38,446
TOTAL DEFERRED INFLOWS OF RESOURCES	236,935	798	-	-	237,733
FUND BALANCES					
Nonspendable	295,737	-	216	13,316	309,269
Restricted:					
Capital projects	-	-	18,082,244	-	18,082,244
Debt service	-	1,183,290	-	-	1,183,290
Other	-	-	-	3,694,856	3,694,856
Committed	-	-	-	963,305	963,305
Unassigned	15,213,908	-	-	(20,716)	15,193,192
TOTAL FUND BALANCES	15,509,645	1,183,290	18,082,460	4,650,761	39,426,156
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 19,427,126	$ 1,184,088	$ 19,639,665	$ 4,942,071	$ 45,192,950

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT 4

CITY OF THE COLONY, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total fund balances - governmental funds	$ 39,426,156
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	247,517,848
Interest payable on long-term debt does not require current financial resources, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(320,089)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	237,733
Deferred outflows of resources of $6,533,197 related to the City's net pension liability increase net position in the government-wide financial statements, while deferred inflows ($171,133) reduce it. This amount is the net effect.	6,362,064
Deferred outflows of resources of $45,792 related to the City's total OPEB liability increase net position in the government-wide financial statements, while deferred inflows ($57,681) reduce it. This amount is the net effect.	(11,889)
Deferred charges on refunding of long-term debt are reported as deferred outflows of resources in the government-wide financial statements, but are not reported in the governmental funds.	650,743
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements. Long-term liabilities at year end consist of:	
Bonds payable	(58,380,150)
Net pension liability	(13,726,072)
Total OPEB liability	(710,710)
Capital leases payable	(1,740,304)
Premium on issuance of debt	(3,808,516)
Compensated absences	(3,079,967)
Net position of governmental activities	$ 212,416,847

The Notes to the Financial Statements are an integral part of this statement.

EXHIBIT 5

CITY OF THE COLONY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Ad valorem taxes, penalties and interest	$ 23,669,946	$ 7,538,736	$ -	$ -	$ 31,208,682
Franchise taxes	2,737,190	-	-	-	2,737,190
Municipal sales tax	8,090,511	-	-	-	8,090,511
Licenses and permits	2,141,833	-	-	1,186,531	3,328,364
Charges for services	1,731,140	-	-	1,536,187	3,267,327
Fines and forfeitures	826,229	-	-	64,903	891,132
Grants	237,202	-	-	102,360	339,562
Gifts and contributions	1,469,975	1,506,728	586,350	123,755	3,686,808
Hotel / Motel taxes	-	-	-	1,532,041	1,532,041
Intergovernmental	-	-	856,880	-	856,880
Investment income	799,029	115,127	3,322	157,693	1,075,171
Miscellaneous	2,830,925	3,672	-	147,899	2,982,496
Total revenues	44,533,980	9,164,263	1,446,552	4,851,369	59,996,164
EXPENDITURES					
Current					
General government	10,697,796	-	-	1,553,248	12,251,044
Public safety	20,515,926	-	1,645,189	64,262	22,225,377
Public works	3,213,869	-	1,924,846	174,221	5,312,936
Cultural and recreation	4,284,988	-	-	1,336,500	5,621,488
Capital outlay	4,240,043	-	15,258,884	178,224	19,677,151
Debt service:					
Principal retirement	-	6,785,263	-	-	6,785,263
Interest and fiscal charges	-	2,355,272	-	-	2,355,272
Other debt service costs	-	-	148,434	-	148,434
Total expenditures	42,952,622	9,140,535	18,977,353	3,306,455	74,376,965
Excess (deficiency) of revenues over (under) expenditures	1,581,358	23,728	(17,530,801)	1,544,914	(14,380,801)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	11,600,200	-	11,600,200
Capital leases issued	-	-	1,641,970	-	1,641,970
Premium on issuance of bonds	-	-	954,434	-	954,434
Transfers from other funds	141,613	-	233,514	514,948	890,075
Transfers to other funds	(720,000)	-	(46,613)	(597,948)	(1,364,561)
Total other financing sources (uses)	(578,387)	-	14,383,505	(83,000)	13,722,118
NET CHANGE IN FUND BALANCES	1,002,971	23,728	(3,147,296)	1,461,914	(658,683)
FUND BALANCES, BEGINNING OF YEAR	14,506,674	1,159,562	21,229,756	3,188,847	40,084,839
FUND BALANCES, END OF YEAR	$ 15,509,645	$ 1,183,290	$ 18,082,460	$ 4,650,761	$ 39,426,156

The Notes to the Financial Statements are an integral part of this statement.

EXHIBIT 6

CITY OF THE COLONY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds	$	(658,683)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets additions recorded in the current period as capital outlay.		19,677,151
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities the fair value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.		2,833,213
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.		(8,894,333)
Current year changes in long term liability for compensated absences do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.		(127,522)
Current year changes in accrued interest payable do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.		(61,856)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
o Bond principal and capital lease payments		6,785,263
o Bond issuance		(11,600,200)
o Premium from bond issuance		(954,434)
o Capital lease issued		(1,641,970)
o Amortization of deferred refunding amount		(95,614)
o Amortization of bond premium		406,729
Implementation of GASB 68 requires certain expenditures to be de-expended and recorded as deferred inflows and outflows of resources. This amount is the net effect of current year pension expense of $4,276,716 and contributions to the pension plan of $2,834,681.		(1,442,035)
Implementation of GASB 75 requires certain expenditures to be de-expended and recorded as deferred inflows and outflows of resources. This amount is the net effect of current year OPEB expense of $59,926, and contributions to the OPEB plan of $4,934.		(54,992)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This amount is the net change in these revenues for the year.		(2,114,792)
Change in Net Position of Governmental activities	$	2,055,925

The Notes to Financial Statements are an integral part of this statement.

THE
COLONY
City by the Lake

PROPRIETARY FUNDS FINANCIAL STATEMENTS

CITY OF THE COLONY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 22,446,057
Receivables, net of allowance for uncollectibles:	
Accounts	2,416,870
Other	11,276
Inventories	30,459
Prepaid expenses	7,496
Restricted cash and cash equivalents	3,597,635
Total current assets	28,509,793
NONCURRENT ASSETS	
CAPITAL ASSETS	
Land	3,273,472
Water system and sanitary sewer system	181,626,801
Drainage system	1,684,364
Buildings	724,161
Machinery and equipment	4,582,780
Engineering fees	2,473,213
Organizational costs	14,473,834
Construction in progress	2,109,019
Total capital assets	210,947,644
Less: accumulated depreciation	(58,740,392)
Capital assets, net of accumulated depreciation	152,207,252
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pensions	1,044,875
Deferred outflows - OPEB	6,673
Deferred charge on refunding	783,460
Total deferred outflows of resources	1,835,008
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 182,552,053

The Notes to the Financial Statements are an integral part of this statement.

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	$ 1,602,179
Accrued compensated absences	365,922
Payable from restricted assets:	
Accounts payable and accrued expenses	10,312
Revenue bonds payable	5,124,750
Accrued interest payable	324,808
Customer meter deposits	1,045,345
Total current liabilities	8,473,316
NON-CURRENT LIABILITIES	
Revenue bonds payable	58,254,986
Total OPEB liability	103,585
Net pension liability	2,090,625
Total non-current liabilities	60,449,196
TOTAL LIABILITIES	68,922,512
DEFERRED INFLOWS OF RESOURCES	
Unavailable resources - OPEB	8,407
Unavailable resources - pensions	34,074
Total deferred inflows of resources	42,481
NET POSITION	
Net Investment in capital assets	103,881,697
Restricted for:	
Construction	2,039,020
Unrestricted	7,666,343
TOTAL NET POSITION	113,587,060
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 182,552,053

EXHIBIT 8

CITY OF THE COLONY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
OPERATING REVENUES	
Charges for sales and services:	
Water service	$ 11,187,365
Wastewater treatment service	6,311,393
Other fees and penalties	1,226,049
Service charges	37,243
Miscellaneous	123,863
Total operating revenues	18,885,913
OPERATING EXPENSES	
Personnel services	4,820,056
Contractual services	1,529,462
Supplies	563,239
Maintenance	1,395,786
Water purchases	2,484,493
Overhead	2,593,752
Depreciation	4,902,448
Total operating expenses	18,289,236
OPERATING INCOME	596,677
NON-OPERATING REVENUES (EXPENSES)	
Investment income	650,030
Interest and fiscal charges	(2,158,400)
Total non-operating revenues (expenses)	(1,508,370)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(911,693)
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Capital contributions	1,609,291
Development fees	1,053,824
Transfers from other funds	708,000
Transfers to other funds	(233,514)
Total capital contributions and transfers	3,137,601
CHANGE IN NET POSITION	2,225,908
NET POSITION, BEGINNING OF YEAR	111,361,152
NET POSITION, END OF YEAR	$ 113,587,060

The Notes to the Financial Statements are an integral part of this statement.

THE
COLONY
City by the Lake

EXHIBIT 9

CITY OF THE COLONY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 18,784,007
Cash paid to employees for services	(4,599,679)
Cash paid for goods and services	(9,047,836)
Net cash provided by operating activities	5,136,492
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from other funds	708,000
Transfers to other funds	(233,514)
Net cash provided by non-capital financing activities	474,486
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on revenue bond maturities	(4,537,000)
Cost of bond issuance	(90,976)
Proceeds from issuance of bonds	7,109,800
Premium on issuance of bonds	584,976
Grants and contributions	305,548
Interest and fiscal charges	(2,366,005)
Acquisition of capital assets	(6,110,328)
Development fees	1,053,824
Net cash used in capital and related financial activities	(4,050,161)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	650,030
Net cash provided by investing activities	650,030
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,210,847
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	23,832,845
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 26,043,692

The Notes to the Financial Statements are an integral part of this statement.

CITY OF THE COLONY, TEXAS
STATEMENT OF CASH FLOWS – CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 596,677
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,902,448
Pension expense	623,330
Contribution to net pension liability	(413,154)
OPEB expense	8,734
Contribution to total OPEB liability	(719)
Provision for bad debts	(10,010)
Change in assets and liabilities:	
Increase in accounts receivable	(91,993)
Decrease in inventories	98,372
Decrease in prepaid expenses	2,017
Increase in accounts payable and accrued liabilities	(593,139)
Increase in compensated absences	13,832
Increase in customer deposits	97
Total adjustments	4,539,815
Net cash provided by operating activities	$ 5,136,492
NON-CASH FINANCING ACTIVITIES:	
Contributions of capital assets	$ 1,303,743

The Notes to the Financial Statements are an integral part of this statement.

THE
COLONY
City by the Lake

COMPONENT UNITS
FINANCIAL STATEMENTS

THE
COLONY
City by the Lake

EXHIBIT 10

CITY OF THE COLONY, TEXAS
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2019

	THE COLONY ECONOMIC DEVELOPMENT CORPORATION	THE COLONY COMMUNITY DEVELOPMENT CORPORATION	THE COLONY LOCAL DEVELOPMENT CORPORATION	TOTALS
ASSETS				
Cash and cash equivalents	$ 7,870,049	$ 2,826,082	$ -	$ 10,696,131
Sales tax receivable	1,163,992	1,163,992	-	2,327,984
Prepaids	-	213	3,856,438	3,856,651
Restricted assets				
Cash and cash equivalents	6,162,873	6,166,116	12,895,156	25,224,145
Capital assets				
Land	8,095,952	-	22,321,911	30,417,863
TOTAL ASSETS	$ 23,292,866	$ 10,156,403	$ 39,073,505	$ 72,522,774
LIABILITIES AND NET POSITION				
Accounts payable	730,033	658,088	-	1,388,121
Accrued interest payable	1,070,249	1,042,588	3,724,115	5,836,952
Non-current liabilities:				
Due within one year	760,518	280,000	210,000	1,250,518
Due in more than one year	33,005,890	27,050,890	141,837,082	201,893,862
TOTAL LIABILITIES	$ 35,566,690	$ 29,031,566	$ 145,771,197	$ 210,369,453
NET POSITION (DEFICIT)				
Net investment in capital assets	$ (24,937,533)	$ -	$ (109,200,652)	$ (134,138,185)
Unrestricted	12,663,709	(18,875,163)	2,502,960	(3,708,494)
TOTAL NET POSITION (DEFICIT)	$ (12,273,824)	$ (18,875,163)	$ (106,697,692)	$ (137,846,679)

The Notes to the Financial Statements are an integral part of this statement.

CITY OF THE COLONY, TEXAS
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
COMPONENT UNITS:				
The Colony Economic Development Corporation	$ 5,048,246	$ -	$ -	$ -
The Colony Community Development Corporation	6,157,091	-	-	-
The Colony Local Development Corporation	8,384,509	-	3,134,212	-
TOTAL COMPONENT UNITS	$ 19,589,846	$ -	$ 3,134,212	$ -
General revenues:				
Taxes:				
Sales taxes				
Interest on investments				
Miscellaneous				
Total general revenue				
CHANGE IN NET POSITION (DEFICIT)				
NET POSITION (DEFICIT), Beginning of Year				
NET POSITION (DEFICIT), End of Year				

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
COMPONENT UNITS			
The Colony Econ. Dev. Corporation	The Colony Comm. Dev. Corporation	The Colony Local Dev. Corporation	TOTAL
$ (5,048,246)	$ -	$ -	$ (5,048,246)
-	(6,157,091)	-	(6,157,091)
-	-	(5,250,297)	(5,250,297)
$ (5,048,246)	$ (6,157,091)	$ (5,250,297)	$ (16,455,634)
$ 6,560,188	$ 6,560,188	$ 5,454,312	$ 18,574,688
206,681	202,085	102,330	511,096
5,658	500	-	6,158
6,772,527	6,762,773	5,556,642	19,091,942
1,724,281	605,682	306,345	2,636,308
(13,998,105)	(19,480,845)	(107,004,037)	(140,482,987)
$ (12,273,824)	$ (18,875,163)	$ (106,697,692)	$ (137,846,679)

THE
COLONY
City by the Lake

NOTES TO BASIC FINANCIAL STATEMENTS

THE
COLONY
City by the Lake

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of The Colony (the City), originally incorporated in 1977, is a municipal corporation incorporated under Article XI of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures and expenses. Actual results could vary from the estimates that are used. The significant accounting policies of the City are described below.

Financial Reporting Entity

The City is governed by an elected mayor and a six-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The financial information of the following component units have been “discretely presented” in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City:

The Colony Economic Development Corporation (TCEDC) - Organized exclusively for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of public welfare.

The Colony Community Development Corporation (TCCDC) - Responsible for promoting economic development within the City and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City by developing, implementing, providing and financing projects under the Development Corporation Act of 1979. This includes the construction, renovation and operation of municipal buildings, the acquisition and improvement of parks as well as the promotion and expansion of manufacturing and industrial facilities, and other economic development purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity – Continued

The Colony Local Development Corporation (TCLDC) – Established as the primary governing body for funding Tax Increment Reinvestment Zone (TIRZ) Number One public infrastructure. Surrounding these activities are performance agreements between the TCLDC and the developer, NMF Services, which commenced November 2011 and will terminate on the 75th anniversary of the date in which the City collects its first sales tax dollar from the respective facility.

A majority of the members of the TCEDC's, TCCDC's, and TCLDC's Boards of Directors are appointed by the City Council. The TCEDC, TCCDC, and TCLDC are each fiscally dependent upon the City as the City Council approves their budgets and must approve any debt issuance. However, the component units do not qualify for blending because the component units' services directly benefit the community rather than the City itself. The TCEDC, TCCDC, and TCLDC are presented as governmental fund types and do not issue separate financial statements.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation for the governmental-wide statement of activities.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental funds and proprietary funds. These statements present each major fund as a separate column in the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The City has presented the following major governmental funds:

General Fund –

The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund –

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted to signify the amounts that are exclusively for debt service expenditures.

Capital Projects Fund –

The Capital Projects Fund is used to account for the acquisition and construction of capital assets financed primarily through the issuance of general obligation debt.

The City also reports the following non-major governmental funds:

All of the following funds are Special Revenue Funds. Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trust or capital projects) that are legally restricted or committed to expenditures for specific purposes.

Lake Parks Fund – To account for revenue generated by fees and permits to enter and utilize the park area and facilities located on the eastern shore of Lake Lewisville.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements – Continued

Special Events Fund – To account for various special events of the City including Christmas decorations, 4th of July fireworks display and other special events held by the City.

Hotel/Motel Taxes Fund – To account for the receipt and allocation of the City's hotel/motel occupancy tax.

Library Grants Fund – To account for proceeds received from various state grants received for the Library.

Police Forfeited Fund – To account for the funds granted to the police department that have been awarded by the court.

Federal Seized Fund – To account for funds granted to the police department in a revenue sharing agreement with the federal government.

Police Seized Fund – To account for funds seized by the police department that are awaiting disposition by the court.

Child Safety Fund – The account for child safety fees collected according to state statute to fund the school crossing guard program and for other programs designed to enhance child safety, health or nutrition.

Storm Water Utility Fund – To account for the revenue and expenses associated with drainage projects within the City.

Court Security Fund – To account for the revenue and expenditures associated with the portion of traffic tickets that have been restricted for the security of the Municipal Court.

Court Technology Fund – To account for the revenue and expenditures associated with the portion of traffic tickets restricted for upgrading the technology in the Municipal Court.

Keep The Colony Beautiful – To account for revenue and expenditures associated with the City-supported community volunteer program designed to help property owners who can't maintain their properties due to financial or physical limitations.

Citizens Donation Fund – To account for money received from the $1 Add-On Program and the Recycling Rebate Program. This money is restricted for social and community services, public safety citizen programs and beautification projects.

Public Improvement District (PID) No. 1 – To account for revenues and expenditures related to the City of The Colony Public Improvement District No.1.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements – Continued

Trinity North Medical – To account for revenues and expenditures related to the City of The Colony renting out space in their building.

Juvenile Case – To account for revenues and expenditures related to the City of The Colony's juvenile court.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow.

All assets and liabilities are included in the Statement of Net Position. The City has presented the following major proprietary fund:

Water and Sewer Enterprise Fund

Water and Sewer Enterprise Fund is used to account for the acquisition, operation and maintenance of a municipal water and sewer utility, supported primarily by user charges to the public.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, maintenance and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting – Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for non-matured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, sales taxes, franchise taxes and interest are susceptible to accrual. Other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

Cash and Cash Equivalents

State statutes and policy as established by the City Council authorize the City to invest in certificates of deposit, direct obligations of the U.S. Treasury, investment pools consisting of such U.S. Treasury obligations, repurchase agreements, commercial paper and mutual funds. Substantially all operating cash and cash equivalents are maintained in pooled cash and time deposit accounts. Interest income relating to pooled deposits is allocated to the individual funds based on each fund’s pro rata share of total pooled deposits.

Restricted cash and investments is classified separately in the balance sheet of governmental funds and statement of net position for proprietary funds and represents cash and cash equivalents restricted for specific infrastructure projects (governmental funds) or the payment of long-term debt and for the acquisition of capital assets (proprietary funds).

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents, as they are available for withdrawal on demand.

Investments are accounted for in accordance with GASB No. 31 – *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments are recorded at amortized cost when original maturity at the time of purchase is less than one year or at market if greater than one year.

Property Taxes

The City’s ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located within the City. Property taxes attach as an enforceable lien on property as of January 1 after they are levied. The assessed value upon which the fiscal year 2019 levy was based was $4,145,803,489. Taxes are due on October 1 and are delinquent after the following January 31. Current tax collections for the year ended September 30, 2019 were 99.56% of the tax levy.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property Taxes – Continued

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. The combined tax rate to finance general governmental services including the payment of principal and interest on long-term debt for the year ended September 30, 2019 was $0.6625 per $100 of assessed valuation.

The ordinance levying the ad valorem taxes specifies the percentage of the taxes applicable to the General Fund, and Debt Service Fund therefore, ad valorem tax revenues are recorded as revenues in the respective funds.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the revenues from the effective tax rate times the appraised values, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the property tax revenues from previous year by more than 3%, City must have an election to approve effective interest rates.

Budgets

The City adopts annual appropriated budgets for its General Fund, Debt Service Fund, Lake Parks Fund, Special Events Fund, Hotel/Motel Taxes Fund, Child Safety Fund, and Storm Water Utility Fund. The budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

For the year ended September 30, 2019, expenditures exceeded appropriations as follows:

- General fund
    - Community image ($48,525)
    - General administration ($281,510)
    - City secretary ($21,510)
    - Human resources ($47,093)
    - Information technology ($62,490)
    - Fire ($7,914)
    - Engineering ($51,367)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Budgets – Continued

- Lake Parks
    - Capital outlay ($72,352)
- Hotel/Motel
    - Culture and recreation ($144,569)

Internal Balances

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Transactions between Funds and Component Units

Interfund services are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services and reimbursements, are recorded as transfers.

Transactions between the component units and the primary government are accounted for as external transactions. During the year ended September 30, 2019, the TCCDC contributed $1,024,799 to the general fund, $375,000 to the capital projects fund, and $1,506,728 to the Debt Service Fund. Additionally, the TCEDC contributed $305,550 to the Water and Sewer Enterprise Fund and $445,176 to the General Fund. The component units also reimbursed the general fund $2,237,118 in connection with agreements to cover legal costs from prior years which was recorded as unavailable resources in the general fund in prior year.

Inventories

Inventories, which are expended when consumed, are stated at cost on a first-in, first-out basis.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at acquisition value on the date donated. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset lives are not capitalized. Renewals and betterments are capitalized.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets - Continued

Assets capitalized, not including infrastructure assets, have an original cost of $5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	30 Years
Towers, tanks, and pump stations	40 Years
Infrastructure	40 Years
Machinery and equipment	5 - 10 Years
Vehicles	5 Year

Vacation and Sick Leave (Compensated Absences)

In the event of termination, an employee is reimbursed for up to his/her accrued available vacation days. An employee may accumulate up to 130 days of sick leave; however, upon termination, qualified employees may be reimbursed for up to a maximum of 30 sick days. All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources and pension expense, City-specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the City's Total Pension Liability and Total OPEB Liability is obtained from TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting as deferred outflows:

Deferred Loss on Refunding – these deferred outflows result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pensions/ OPEB – these deferred outflows result from pension/OPEB contributions after the measurement date (deferred and recognized as a reduction of the pension/OPEB liability in the following fiscal year), differences between expected and actual economic experience and/or changes in actuarial assumptions (deferred and recognized over the remaining average service lives of the plan participants) and differences between projected and actual investment earnings (deferred and recognized over a closed five-year period).

Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. The City reports certain deferred inflows related to pensions and OPEB on the government-wide statement of position and unavailable tax revenues at the fund level.

Classification of Fund Equity

Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned in governmental funds. Nonspendable fund balance cannot be spent, either because it is not in spendable form or because of legal or contractual requirements. Restricted fund balances have constraints for specific purposes which are externally imposed by providers, such as creditors, grantors or other governments; or by enabling legislation of the City Council. Committed fund balances can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. Assigned fund balances are constrained by intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made by City management based on City Council direction.

Unassigned fund balances include residual positive fund balances within the General Fund that had not been classified within the other mentioned categories. Unassigned fund balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. The City designates restricted amounts to be spent first if both restricted and unassigned fund balances are available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, followed by assigned, and lastly unassigned amounts when expenditures are incurred for purpose for which amounts in any of those unrestricted fund balance classifications could be used. The propriety funds and government-wide financial statements have three classifications of equity: (1) net investment in capital assets; (2) restricted net position and (3) unrestricted net position. In the first category, capital assets are netted with bonded and capital lease debt. Restricted net position includes debt service, grantor and other government restrictions for proprietary funds and the same categories as restricted fund balance for governmental activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Deficit Net Position/Fund Balance

The City's special events non major fund reported a deficit fund balance of $7,400 at September 30, 2019.

NOTE 2. CASH AND INVESTMENTS

The funds of the City must be deposited and invested per the Public Funds Investment Act. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2019 the carrying amount of the City's deposits was $3,348,561 and the bank balance was $3,899,881. All of the bank balances were fully covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name. The City had petty cash totaling $5,434 at September 30, 2019.

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Legal and Contractual Provisions Governing Deposits and Investments – Continued

Statutes and the City's investment policy authorized the City to invest in the following investments as summarized in the table below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Government Securities	5 Years	100%	None
State of Texas	5 Years	25%	None
States, Agencies, Counties, Cities and Other	5 Years	25%	None
Repurchase Agreements	90 Days	100%	None
Certificates of Deposits	5 Years	25%	None
Commercial Paper	270 Days	25%	None
No-Load Money Market Mutual Funds	90 Days	25%	None
Eligible Investment Pools	90 Days	100%	None

The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of September 30, 2019 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents – primary government	$ 63,283,392
Restricted cash and cash equivalents – primary government	3,597,635
Cash and cash equivalents – component units	10,696,131
Restricted cash and cash equivalents – component units	25,224,145
	$ 102,801,303

Cash and investments as of September 30, 2019 consist of the following:

Cash on hand	$ 5,434
Deposits with financial institutions	3,348,561
Investment pools	99,447,308
	$ 102,801,303

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2019 the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
TexPool	$ 55,221,751	N/A	AAAm
TexPool Prime	18,353,951	N/A	AAAm
Money Market Mutual Funds	25,871,606	N/A	AAAm
	$ 99,447,308		

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2019 other than external investment pools the City did not have 5% or more of its investment with one issuer.

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2019 the City deposits with financial institutions in excess of federal depository insurance limits were fully collateralized during the year.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 2. CASH AND INVESTMENTS – CONTINUED

The City has recurring fair value measurements as presented in the table below. The City's investment balances and weighted average maturity of such investments are as follows:

		Fair Value Measurements Using				
	Value at September 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments not Subject to Fair Value:						
Investment Pools:						
TexPool	$ 55,221,751	$ -	$ -	$ -	55.53%	34
TexPool Prime	18,353,951	-			18.46%	32
Investments by Fair Value Level:						
Money Market Mutual Funds	25,871,606	25,871,606	-	-	26.01%	28
Total Value	$ 99,447,308	$ 25,871,606	$ -	$ -	100.00%	

Money Market Mutual funds reported as Level 1 consist of shares of a money market funds government portfolio and are valued at net asset value (NAV) of the assets held by the City. The NAV is a quoted price in an active market.

Investment in State Investment Pools

The City is a voluntary participant in two investment pools: TexPool and TexPool Prime. Each of these pools operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Each uses amortized costs rather than market value to report the net position to compute share prices. Accordingly, the value of the City's position in the pools is the same as the value of the shares in the pool.

The State Comptroller of Public Accounts exercises responsibility over TexPool and TexPool Prime. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool.

NOTE 3. RECEIVABLES

Receivables at September 30, 2019 for the individual major funds, nonmajor funds, and component units in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

	Governmental Activities					Business-type Activities	Discretely Presented Component Units
	General	Debt Service	Capital Projects	Non-Major Governmental Funds	Total Governmental Activities	Water and Sewer Enterprise	
Receivables							
Property taxes	$ 325,545	$ 23,459	$ -	$ -	$ 349,004	$ 13,601	$ -
Franchise taxes	502,824	-	-	-	502,824	-	-
Sales taxes	2,327,984	-	-	-	2,327,984	-	2,327,984
Service accounts	539,030	-	-	-	539,030	2,661,541	-
Other	511,533	-	1,302	235,852	748,687	-	-
Gross receivables	4,206,916	23,459	1,302	235,852	4,467,529	2,675,142	2,327,984
Allowance for uncollectibles	(417,800)	(3,383)	-	-	(421,183)	(246,996)	-
Net total receivables	$ 3,789,116	$ 20,076	$ 1,302	$ 235,852	$ 4,046,346	$ 2,428,146	$ 2,327,984

The Water and Sewer Fund service accounts receivable include unbilled charges for services rendered through September 30, 2019 in the amount of $1,550,166.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance September 30, 2018	Capital Acquisitions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2019
Governmental Activities:					
Capital assets not being depreciated					
Land and Land Improvements	$ 4,510,684	$ -	$ -	$ -	$ 4,510,684
Rights-of-way	25,571,036	-	-	-	25,571,036
Construction in progress	9,146,268	17,893,317	-	(7,471,681)	19,567,904
Total capital assets not being depreciated	39,227,988	17,893,317	-	(7,471,681)	49,649,624
Capital assets being depreciated					
Buildings	26,694,834	-	-	-	26,694,834
Improvements other than buildings	18,436,958	-	-	1,178,425	19,615,383
Swimming pool	1,752,705	-	-	86,550	1,839,255
Machinery and equipment	14,036,843	1,783,834	(467,205)	-	15,353,472
Infrastructure	264,851,453	2,833,213	-	6,206,706	273,891,372
Total capital assets being depreciated	325,772,793	4,617,047	(467,205)	7,471,681	337,394,316
Less: accumulated depreciation for:					
Buildings	(9,573,189)	(946,204)	-	-	(10,519,393)
Improvements other than buildings	(7,972,354)	(594,576)	-	-	(8,566,930)
Swimming pool	(1,009,507)	(63,941)	-	-	(1,073,448)
Machinery and equipment	(9,503,046)	(1,570,390)	467,205	-	(10,606,231)
Infrastructure	(103,040,868)	(5,719,222)	-	-	(108,760,090)
Total accumulated depreciation	(131,098,964)	(8,894,333)	467,205	-	(139,526,092)
Total capital assets being depreciated, net	194,673,829	(4,277,286)	-	7,471,681	197,868,224
Governmental activities capital assets, net	$ 233,901,817	$ 13,616,031	$ -	$ -	$ 247,517,848

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2018	Capital Acquisitions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2019
Business-Type Activities:					
Capital assets not being depreciated					
Land	$ 3,273,472	$ -	$ -	$ -	$ 3,273,472
Construction in progress	22,457,097	5,579,711	-	(25,927,789)	2,109,019
Total capital assets not being depreciated	25,730,569	5,579,711	-	(25,927,789)	5,382,491
Capital assets being depreciated:					
Building	724,161	-	-	-	724,161
Water System	87,405,532	767,369	-	-	88,172,901
Sanitary System	66,989,739	536,372	-	25,927,789	93,453,900
Drainage System	1,684,364	-	-	-	1,684,364
Machinery and Equipment	4,268,316	530,619	(216,155)	-	4,582,780
Infrastructure	16,947,047	-	-	-	16,947,047
Total capital assets being depreciated	178,019,159	1,834,360	(216,155)	25,927,789	205,565,153
Less: Accumulated depreciation for:					
Building	(557,621)	(14,032)	-	-	(571,653)
Water System	(22,112,837)	(2,294,039)	-	-	(24,406,876)
Sanitary System	(19,307,457)	(1,824,449)	-	-	(21,131,906)
Drainage System	(1,611,397)	(26,493)	-	-	(1,637,890)
Machinery and Equipment	(2,376,250)	(302,881)	216,155	-	(2,462,976)
Infrastructure	(8,088,537)	(440,554)	-	-	(8,529,091)
Total accumulated depreciation	(54,054,099)	(4,902,448)	216,155	-	(58,740,392)
Total capital assets being depreciated, net	123,965,060	(3,068,088)	-	25,927,789	146,824,761
Business-Type activities capital assets, net	$ 149,695,629	$ 2,511,623	$ -	$ -	$ 152,207,252

	Balance September 30, 2018	Capital Acquisitions	Sales or Other Dispositions	Balance September 30, 2019
Component Units:				
Capital assets not being depreciated				
Land	$ 30,417,863	$ -	$ -	$ 30,417,863
Component Units capital assets, net	$ 30,417,863	$ -	$ -	$ 30,417,863

NOTE 4. CAPITAL ASSETS – CONTINUED

Depreciation expense was charged as direct expense to programs of the primary government as follows:

General government	$ 3,530,123
Public safety	1,001,049
Public works	3,787,220
Culture and recreation	575,941
Total depreciation expense-Governmental activities	$ 8,894,333
Business-type activities:	
Water and Sewer	$ 4,902,448

There was no depreciation expense charged to the component units during the current year.

NOTE 5. LONG-TERM DEBT

At September 30, 2019, bonds payable consisted of the following individual issues:

Certificates of Obligation:	Governmental Activities	Business-type Activities	Component Units
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2010, 2.50% to 4.00%, maturing in annual installments of $550,000 to $960,000 through 2030.	$ 6,475,000	$ 2,275,000	$ -
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2010-A, 2.00% to 4.00%, maturing in annual installments of $125,000 to $175,000 through 2030.	1,348,750	276,250	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2013, 2.00% to 4.375%, maturing in annual installments of $155,000 to $675,000 through 2033.	1,600,000	-	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2014, 3.00% to 6.00%, maturing in annual installments of $510,000 to $1,550,000 through 2035.	2,654,400	16,305,600	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2015, 3.00% to 4.00%, maturing in annual installments of $470,000 to $690,000 through 2035.	-	9,360,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2016, 3.00% to 4.00%, maturing in annual installments of $685,000 to $1,025,000 through 2037.	11,137,000	4,773,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018, 3.00% to 4.00%, maturing in annual installments of $555,000 to $850,000 through 2038.	12,046,500	1,338,500	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2019, 3.00% to 5.00%, maturing in annual installments of $845,000 to $1,095,000 through 2039.	11,600,200	7,109,800	-
	$ 46,861,850	$ 41,438,150	$ -
General Obligation Bonds:			
General Obligation Refunding Bonds, Series 2011, 2.00% to 4.00%, maturing in annual installments of $20,000 to $890,000 through 2022.	$ 1,941,800	$ 613,200	$ -
General Obligation Refunding Bonds, Series 2012, 2.00% to 3.00%, maturing in annual installments of $225,000 to $1,295,000 through 2023.	836,250	278,750	-
General Obligation Refunding Bonds, Series 2013, 3.00% to 5.00%, maturing in annual installments of $1,205,000 to $1,775,000 through 2024.	1,613,000	6,452,000	-
General Obligation Refunding Bonds, Series 2014, 2.00% to 5.00%, maturing in annual installments of $55,000 to $1,535,000 through 2026.	1,666,850	8,138,150	-
General Obligation Refunding Bonds, Series 2015, 3.00% to 4.00%, maturing in annual installments of $840,000 to $1,715,000 through 2027.	5,460,400	2,569,600	
	$ 11,518,300	$ 18,051,700	$ -

Revenue Bonds:	Governmental	Business-type	Component Unit
Sales Tax Revenue Bonds, Series 2013 (Infrastructure Bonds), 4.50% to 7.25%, maturing in annual installments of $ 195,000 to $2,770,000 through 2042.	$ -	$ -	$ 28,940,000
Sales Tax Revenue Bonds, Series 2013 (Infrastructure Bonds), 4.50% to 7.25%, maturing in annual installments of $ 195,000 to $2,770,000 through 2042.	-	-	28,940,000
Sales Tax Increment Contract Revenue Bonds, Series 2013 (Infrastructure Bonds), 5.00% to 7.625%, maturing in annual installments from October 1, 2018 through October 1, 2042.	-	-	15,735,000
Sales Tax Increment Contract Revenue Bonds, Series 2013 (Infrastructure Bonds), 2.594% to 4.881%, maturing in annual installments from October 1, 2020 through October 1, 2047.	-	-	106,850,000
Sales Tax Revenue Bonds, Series 2013 (Infrastructure Bonds), 5.00% to 7.625%, maturing in annual installments from October 1, 2018 through October 1, 2042.	-	-	19,495,000
Sales Tax Revenue Bonds, Series 2017 (Infrastructure Bonds), 3.520%, maturing in annual installments from October 1, 2018 through October 1, 2032.	-	-	6,345,000
	$ -	$ -	$ 206,305,000

NOTE 5. LONG-TERM DEBT – CONTINUED

The following is a summary of long-term debt transactions, including current portion, of the City for the year ended September 30, 2019:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental Activities					
Certificates of obligation	$ 37,356,650	$ 11,600,200	$ (2,095,000)	$ 46,861,850	$ 2,718,000
General obligation bonds	15,711,300	-	(4,193,000)	11,518,300	2,365,100
Capital Lease	595,597	1,641,970	(497,263)	1,740,304	512,845
Unamortized bond premium	3,260,811	954,434	(406,729)	3,808,516	-
Net pension liability	7,104,136	6,621,936	-	13,726,072	-
Total OPEB liability	723,566	-	(12,856)	710,710	-
Compensated absences	2,952,445	2,865,211	(2,737,689)	3,079,967	3,079,967
Governmental activities Long-term debt	$ 67,704,505	$ 23,683,751	$ (9,942,537)	$ 81,445,719	$ 8,675,912
Business-Type Activities					
Certificates of obligation	$ 36,043,350	$ 7,109,800	$ (1,715,000)	$ 41,438,150	$ 2,122,000
General obligation bonds	20,873,700	-	(2,822,000)	18,051,700	3,002,750
Unamortized bond premium	3,724,154	584,976	(419,244)	3,889,886	-
Net pension liability	1,125,480	965,145	-	2,090,625	-
Total OPEB liability	105,459	-	(1,874)	103,585	-
Compensated absences	352,090	588,631	(574,799)	365,922	365,922
Business-type activities Long-term debt	$ 62,224,233	$ 9,248,552	$ (5,532,917)	$ 65,939,868	$ 5,490,672
Component Units					
Revenue bonds	$ 207,325,000	$ -	$ (1,020,000)	$ 206,305,000	$ 1,160,000
Unamortized bond discount	(3,387,354)	-	136,216	(3,251,138)	-
Compensated absences	87,012	57,911	(54,405)	90,518	90,518
Component units Long-term debt	$ 204,024,658	$ 57,911	$ (938,189)	$ 203,144,380	$ 1,250,518

The City intends to retire all of its general long-term liabilities, plus accrued interest, from ad valorem taxes and other current revenues from the Debt Service Fund as has been done in prior years. The proprietary fund type long-term debt, plus accrued interest, will be repaid from operating revenues of the Water and Sewer Enterprise Fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities which are normally liquidated during the current year.

During fiscal year 2019, the City issued $18,710,000 of Certificates of Obligation Bonds, Series 2019, of which $11,600,200 went towards governmental activities and $7,109,800 went towards business-type activities. The Series 2019 proceeds are to be used for constructing, improving and renovating streets, alleys, culverts and bridges, including drainage and water and sewer system. The debt was issued at a premium of $1,539,410 and will be amortized over the life of the bonds which mature in 2039.

During the fiscal year, The Colony Community Development Corporation contributed $1,506,728 to the City's debt service fund to pay down the remaining principal of $1,470,000 and interest from the General Obligation Bonds, Series 2010. The payment was made to an escrow agent on August 15, 2019 for payment of the debt when callable on 8/15/20. The debt is considered defeased as of September 30, 2019.

NOTE 5. LONG-TERM DEBT – CONTINUED

Nebraska Furniture Mart

During March 2012, the TCEDC, TCCDC and TCLDC individually entered into a pledge agreement where the consideration of future sales tax revenue from the tax increment reinvestment zone would be used to repay debt issued by the component units to provide funding for the Nebraska Furniture Mart Texas project. This pledge was effectively an incentive agreement to secure the development of Nebraska Furniture Mart, through NFM Services, within the City of The Colony.

TCEDC and TCCDC have each pledged a portion of their future sales tax revenues to repay $29,580,000 of sales tax revenue bond series 2013 that each corporation issued in February 2013 to finance the acquisition of land and cost of construction and infrastructure associated with the Nebraska Furniture Mart Texas project. Total principal and interest remaining on each issuance is approximately $63.7 million as of September 30, 2019. Interest and principal paid and incremental sales tax revenues recognized were $2,333,575 and $2,727,156 respectively, for each corporation's 2013 bond series during the year ended September 30, 2019.

TCLDC has pledged a portion of its future sales tax revenues to repay $142,080,000 of sales tax incremental contract revenue bonds that the Corporation issued in February 2013 to finance the acquisition of land and cost of construction and infrastructure associated with the Nebraska Furniture Mart Texas project. Total principal and interest remaining on these bonds is approximately $285.8 million as of September 30, 2019. Interest and principal paid and incremental sales tax revenues recognized were $7,612,231 and $5,454,312, respectively, during the year ended September 30, 2019.

Description to Debt Indentures

Certificate of Obligation Bonds

The City issues certificate of obligation bonds to provide funds for the acquisition and construction of major capital facilities and infrastructure. The City is required by ordinance to create from ad valorem tax revenues a sinking fund sufficient to pay the current interest and principal installments as they become due.

Revenue Bonds

The City issues revenue bonds to construct water and sewer system improvements. The City is required by the applicable revenue bond indentures to pledge the net revenues of the Water and Sewer Enterprise Fund for the retirement of its outstanding revenue bonds, including interest thereon, and is required to maintain debt service funds and bond reserve funds for all such bonds outstanding.

NOTE 5. LONG-TERM DEBT – CONTINUED

Bond Compliance

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions at September 30, 2019.

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2019, are as follows:

Certificate of Obligation Bonds

Annual debt service requirements to maturity for certificate obligation bonds, including interest of $15,617,573 for governmental activities, and $13,793,464 for business-type activities are as follows:

	Governmental Activities		
Fiscal Year Ending September 30	Principal	Interest	Total
2020	$ 2,718,000	$ 1,799,939	$ 4,517,939
2021	2,789,950	1,685,368	4,475,318
2022	2,909,800	1,569,095	4,478,895
2023	2,843,650	1,449,407	4,293,057
2024	2,786,850	1,328,809	4,115,659
2025-2029	14,332,350	4,875,284	19,207,634
2030-2034	10,615,950	2,313,655	12,929,605
2035-2039	7,865,300	596,016	8,461,316
Total	$ 46,861,850	$ 15,617,573	$ 62,479,423

	Business-Type Activities		
Fiscal Year Ending September 30	Principal	Interest	Total
2020	$ 2,122,000	$ 1,584,054	$ 3,706,054
2021	2,215,050	1,492,326	3,707,376
2022	2,305,200	1,396,022	3,701,222
2023	2,326,350	1,295,726	3,622,076
2024	2,413,150	1,190,729	3,603,879
2025-2029	12,487,650	4,413,252	16,900,902
2030-2034	12,489,050	2,127,515	14,616,565
2035-2039	5,079,700	293,840	5,373,540
Total	$ 41,438,150	$ 13,793,464	$ 55,231,614

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

General Obligation Bonds

Annual debt service requirements to maturity for general obligation bonds, including interest of $1,424,428 for governmental activities, $2,468,823 for business-type activities are as follows:

Fiscal Year Ending September 30	Government Activities Principal	Interest	Total
2020	$ 2,365,100	$ 425,800	$ 2,790,900
2021	2,051,150	328,159	2,379,309
2022	2,007,250	248,072	2,255,322
2023	1,388,650	164,386	1,553,036
2024	1,212,650	117,149	1,329,799
2025-2028	2,493,500	140,862	2,634,362
Total	$ 11,518,300	$ 1,424,428	$ 12,942,728

Fiscal Year Ending September 30	Business-Type Activities Principal	Interest	Total
2020	$ 3,002,750	$ 714,075	$ 3,716,825
2021	2,921,000	574,016	3,495,016
2022	2,952,750	467,453	3,420,203
2023	2,881,350	326,039	3,207,389
2024	2,907,350	218,351	3,125,701
2025-2028	3,386,500	168,889	3,555,389
Total	$ 18,051,700	$ 2,468,823	$ 20,520,523

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

Revenue Bonds

Revenue bond debt service requirements to maturity, including interest of $214,909,622 for component unit activities are as follows:

Fiscal Year Ending September 30	Component-Units		
	Principal	Interest	Total
2020	$ 1,160,000	$ 11,835,059	$ 12,995,059
2021	2,680,000	11,770,842	14,450,842
2022	2,945,000	11,661,114	14,606,114
2023	3,235,000	11,533,878	14,768,878
2024	3,540,000	11,387,181	14,927,181
2025-2029	23,045,000	53,987,048	77,032,048
2030-2034	33,455,000	46,603,059	80,058,059
2035-2039	47,650,000	35,095,978	82,745,978
2040-2044	59,995,000	17,443,047	77,438,047
2045-2048	28,600,000	3,592,416	32,192,416
Total	$ 206,305,000	$ 214,909,622	$ 421,214,622

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

Capital Leases

During 2015, the City entered into a capital lease in the amount of $935,000 with principal and interest at 3.606% being paid through fiscal year 2021. The City also entered into $1,641,970 of capital leases during 2019 with principal and interest from 2.63% to 3.29% being paid through fiscal year 2024. Proceeds from the leases were used to obtain public safety equipment with an initial cost of $2,576,970 which has been recorded as capital assets. Future lease payments are paid through the City's debt service fund and are as follows:

Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2020	$ 512,845	$ 54,942	$ 567,787
2021	528,920	38,867	567,787
2022	225,577	22,280	247,857
2023	232,769	15,088	247,857
2024	240,193	7,664	247,857
Total	$ 1,740,304	$ 138,841	$ 1,879,145

Net Pension Liability/ OPEB liability

The general fund has typically been used to liquidate governmental activities' pension and OPEB liabilities.

NOTE 6. TRANSFERS AND INTERFUND RECEIVEABLES/PAYABLES

All interfund transfers between the various funds are approved supplements to the operations of those funds. Individual fund transfers for fiscal year 2019 were as follows:

Transfers Out	Transfers In	Amount	Purpose
General Fund	Utility Fund	$ 560,000	For capital projects
General Fund	Non-major Funds	160,000	Utility Franchise fee
Capital Projects Fund	General Fund	46,613	For capital asset additions
Non-major Funds	Utility Fund	148,000	Funding for storm water capital projects
Non-major Funds	General Fund	10,000	For specific public safety cost
Non-major Funds	General Fund	85,000	Funding for capital asset additions
Non-major Funds	Non-major Funds	354,948	For public safety and hotel programs
Utility Fund	Capital Projects Fund	233,514	Funding for capital projects
	Total	$ 1,598,075	

NOTE 7. RETIREMENT PLAN

A. Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

NOTE 7. RETIREMENT PLAN – CONTINUED

B. Benefits Provided – Continued

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	186
Inactive employees entitled to but not yet receiving benefits	179
Active employees	344
	709

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City was 13.06% and 13.01% for calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were $3,247,835, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

NOTE 7. RETIREMENT PLAN – CONTINUED

D. Net Pension Liability – Continued

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% per year including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	10 year smooth market; 15% soft corridor

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2018, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2014 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2016. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

NOTE 7. RETIREMENT PLAN – CONTINUED

D. Net Pension Liability – Continued

Actuarial Assumptions – Continued:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time(conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

NOTE 7. RETIREMENT PLAN – CONTINUED

D. Net Pension Liability – Continued

Allocations

The City's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities and business-type activities using a contribution-based method.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	$ 90,063,778	$ 81,834,162	$ 8,229,616
Changes for the year:			
Service Cost	3,870,905	-	3,870,905
Interest	6,090,550	-	6,090,550
Change of benefit terms	-	-	-
Difference between expected and actual experience	(201,099)	-	(201,099)
Changes of assumptions	-	-	-
Contributions - employer	-	3,044,002	(3,044,002)
Contributions - employee	-	1,630,948	(1,630,948)
Net investment income	-	(2,451,824)	2,451,824
Benefit payments, including refunds of employee contributions	(3,537,724)	(3,537,724)	-
Administrative expense	-	(47,376)	47,376
Other changes	-	(2,475)	2,475
Net Changes	6,222,632	(1,364,449)	7,587,081
Balance at 12/31/18	$ 96,286,410	$ 80,469,713	$ 15,816,697

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	$ 29,765,325	$ 15,816,697	$ 4,377,190

NOTE 7. RETIREMENT PLAN – CONTINUED

D. Net Pension Liability – Continued

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of $4,900,046. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 670,331	$ 205,207
Changes in actuarial assumptions	273,899	-
Difference between projected and actual investment earnings	4,254,731	-
Contributions subsequent to the measurement date	2,379,111	-
Total	$ 7,578,072	$ 205,207

The $2,379,111 reported as deferred outflows of resources related to pensions result from contributions subsequent to the measurement date and will reduce the net pension liability during the fiscal year ending September 30, 2020. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended Sept. 30:	Net deferred outflows (inflows) of resources
2020	$ 2,017,478
2021	754,873
2022	665,524
2023	1,555,879
	$ 4,993,754

NOTE 8. DEFERRED COMPENSATION PLAN

The City participates in a deferred compensation plan, which falls under Internal Revenue Code Section 457. Virtually all employees are eligible to participate in the plan. The deferred compensation plan allows the deferral of individual federal income taxes until funds are withdrawn. Funds may be withdrawn at termination, retirement, death or unforeseeable emergency. Employees may contribute a maximum of 100% of compensation included in gross income or $15,500 whichever is less.

As a result of legislative changes, all amounts of compensation deferred, all property and rights purchased, and all income, property or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, whereas, prior to these legislative changes, these amounts were solely the property and rights of the City subject only to the claims of the City's general creditors. As a result, at September 30, 2019, the deferred compensation investments in the amount of $6,749,978 are not reported in the City's financial statements.

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

B. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500.

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

C. Benefits Provided – Continued

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	128
Inactive employees entitled to but not yet receiving benefits	40
Active employees	344
	512

D. Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City was 0.03% and 0.02% in calendar years 2018 and 2019. The City's contributions to the SDBF for the year ended September 30, 2019 were $5,653, and were equal to the required contributions.

E. Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

F. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.50% to 10.50%, including inflation
Discount rate	3.71%
Retiree's share of benefit-related cost	0.00%

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018, valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

The discount rate used to measure the Total OPEB Liability was 3.71% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

G. Changes in Total OPEB Liability

	Increase (Decrease) Total OPEB Liability (a)
Balance at 12/31/2017	$ 829,025
Changes for the year:	
Service Cost	41,848
Interest	28,018
Difference between expected and actual experience	(15,239)
Changes of assumptions	(62,382)
Benefit payments	(6,975)
Net Changes	(14,730)
Balance at 12/31/18	$ 814,295

H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.71%) or 1 percentage-point higher (4.71%) than the current rate:

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB liability	$ 983,851	$ 814,295	$ 682,681

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of $68,660. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 48,847	$ 53,113
Difference between projected and actual investment earnings	-	12,975
Contributions subsequent to the measurement date	3,618	-
Total	$ 52,465	$ 66,088

The $3,618 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2020. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30:	Net deferred outflows (inflows) of resources
2020	$ (1,206)
2021	(1,206)
2022	(1,206)
2022	(1,206)
2023	(3,994)
Thereafter	(8,423)
	$ (17,241)

NOTE 10. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor agency cannot be determined at this time although the City expects such amounts, if any, to be immaterial to the basic financial statements.

At September 30, 2019, certain claims and litigation against the City are pending with respect to matters arising in the normal course of the City's operations. City management is of the opinion that the settlement of these matters will not have a material adverse effect on the City's financial statements.

At September 30, 2019, the City had authorized construction contract commitments of $8,824,437.

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2019, the City purchased commercial insurance to cover these liabilities. Additionally, the City purchases commercial insurance to cover employee health benefits. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three years.

NOTE 12. TAX ABATEMENTS

The City enters into economic development agreements authorized under Chapter 380 of the Texas Local Government Code. These agreements are planning tools designed to stimulate economic activity, redevelopment, community improvement, and provide a return on investment for the community. These programs abate or rebate property and/or sales taxes and may include other incentive payments such as fee reductions or construction costs reimbursements. Economic development agreements are considered on a case by case basis by the City Council and generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

Chapter 380 of the Texas Local Government Code allows the City to provide grants for the purpose of promoting local economic development. These grants are based on a percentage of property and/or sales tax received by the City. The City had the following agreements for the fiscal year ending September 30, 2019.

- Per the Grandscape, William Sonoma, and Top Golf TIF agreement for commercial development of 433 undeveloped acres, 100% of the property tax collections from the TIRZ projects and 90% of sales tax collections from TIRZ businesses were to be abated. The City abated $1,827,249 in property taxes and $10,908,621 in sales taxes.

NOTE 12. TAX ABATEMENTS – CONTINUED

- There was an agreement for Tribute properties to develop a 1,200-acre residential and golf community within the City under which 62% of property taxes was agreed to be abated. The City abated $2,090,349 in property taxes.

- Per the Tribute TIF agreement to fund water storage tank and construction of fire station, and improve roadways, marina park and entertainment district, 70% of property taxes from development limited to total property taxes less the agreement stated above was agreed to be abated. The City abated $1,293,539 in property taxes.

NOTE 13. FUND BALANCE/NET POSITION

The composition of the City's governmental fund balances as of September 30, 2019 is as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Non major Governmental Funds	Total Governmental Funds
Non-spendable:					
Inventory	$ 84,677	$ -	$ -	$ -	$ 84,677
Prepaids	211,060	-	216	13,316	224,592
	295,737	-	216	13,316	309,269
Restricted for:					
Debt service	-	1,183,290	-	-	1,183,290
Tourism	-	-	-	1,912,753	1,912,753
Library	-	-	-	1,137	1,137
Police	-	-	-	52,979	52,979
Child Safety	-	-	-	94,184	94,184
Stormwater drainage	-	-	-	469,190	469,190
Court	-	-	-	298,678	298,678
PID No. 1	-	-	-	749,346	749,346
Social and community services	-	-	-	116,589	116,589
Capital projects	-	-	18,082,244	-	18,082,244
	-	1,183,290	18,082,244	3,694,856	22,960,390
Committed for:					
Parks	-	-	-	963,305	963,305
Unassigned	15,213,908	-	-	(20,716)	15,193,192
Total	$ 15,509,645	$ 1,183,290	$ 18,082,460	$ 4,650,761	$ 39,426,156

Net position restricted for other reported for the governmental activities in the statement of net position is comprised of the same balance that is reported as restricted fund balance in the non-major governmental funds.

NOTE 14. SUBSEQUENT EVENTS

The City has evaluated all events or transactions that occurred after September 30, 2019 up through March 30, 2020, the date the financial statements were issued. During this period, there were no material subsequent events requiring recognition or additional disclosure in these financial statements, except as follows:

COVID-19

The extent of the operational and financial impact the COVID-19 pandemic may have on the City has yet to be determined and is dependent on its duration and spread, any related operational restrictions and the overall economy. Currently, the City is unable to accurately predict how COVID-19 will affect the results of its operations because the virus's severity and the duration of the pandemic are uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT A-1

CITY OF THE COLONY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS – TMRS
LAST FIVE MEASUREMENT YEARS

	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
Total pension liability:					
Service cost	$ 3,870,905	$ 3,593,344	$ 3,247,190	$ 3,038,645	$ 2,636,444
Interest	6,090,550	5,640,026	5,246,784	4,956,953	4,717,021
Difference between expected and actual experience	(201,099)	653,253	395,250	681,456	(1,078,676)
Change in assumptions	-	-	-	1,451,967	-
Benefit payments, including refunds of employee contributions	(3,537,724)	(3,164,226)	(3,308,765)	(3,324,791)	(2,771,781)
Net change in total pension liability	6,222,632	6,722,397	5,580,459	6,804,230	3,503,008
Total pension liability - beginning	90,063,778	83,341,381	77,760,922	70,956,692	67,453,684
Total pension liability - ending (a)	96,286,410	90,063,778	83,341,381	77,760,922	70,956,692
Plan fiduciary net position:					
Contributions - employer	3,044,002	2,825,357	2,343,572	2,336,643	2,051,029
Contributions - employee	1,630,948	1,512,532	1,360,283	1,309,761	1,179,152
Net investment income	(2,451,824)	9,825,153	4,466,472	96,983	3,534,120
Benefit payments, including refunds of employee contributions	(3,537,724)	(3,164,226)	(3,308,765)	(3,324,791)	(2,771,781)
Administrative expense	(47,376)	(50,917)	(50,436)	(59,070)	(36,893)
Other	(2,475)	(2,581)	(2,717)	(2,918)	(3,033)
Net change in plan fiduciary net position	(1,364,449)	10,945,318	4,808,409	356,608	3,952,594
Plan fiduciary net position - beginning	81,834,162	70,888,844	66,080,435	65,723,827	61,771,233
Plan fiduciary net position - ending (b)	80,469,713	81,834,162	70,888,844	66,080,435	65,723,827
Net pension liability - ending (a) - (b)	$ 15,816,697	$ 8,229,616	$ 12,452,537	$ 11,680,487	$ 5,232,865
Plan fiduciary net position as a percentage of total pension liability	83.57%	90.86%	85.06%	84.98%	92.63%
Covered payroll	$ 23,248,678	$ 21,607,602	$ 19,432,616	$ 18,710,868	$ 16,838,560
Net pension liability as a percentage of covered payroll	68.03%	38.09%	64.08%	62.43%	31.08%

Note: Only five years of data is presented in accordance with GASB #68, paragraph 138, “The information for all period for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years’ information will be displayed as it becomes available.”

EXHIBIT A-2

CITY OF THE COLONY, TEXAS
SCHEDULE OF PENSION CONTRIBUTIONS – TMRS
LAST FIVE FISCAL YEARS

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Actuarially determined contribution	$ 3,247,835	$ 2,998,437	$ 2,723,827	$ 2,399,108	$ 2,224,043
Contribution in relation of the actuarially determined contribution	3,247,835	2,998,437	2,723,827	2,399,108	2,224,043
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 24,667,651	$ 22,698,203	$ 19,440,612	$ 19,236,056	$ 19,145,821
Contributions as a percentage of covered payroll	13.17%	13.21%	14.01%	12.47%	11.62%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

Note: Only five years of data is presented in accordance with GASB #68, paragraph 138, "The information for all period for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

EXHIBIT A-3

CITY OF THE COLONY, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS – TMRS
LAST TWO MEASUREMENT YEARS

	Measurement Year 2018	Measurement Year 2017
Total OPEB liability:		
Service cost	$ 41,848	$ 32,411
Interest	28,018	27,153
Differences between expected and actual experience	(15,239)	-
Change in assumptions	(62,382)	69,501
Benefit payments	(6,975)	(4,322)
Net change in total pension liability	(14,730)	124,743
Total OPEB liability - beginning	829,025	704,282
Total OPEB liability - ending (a)	$ 814,295	$ 829,025
Covered payroll	$ 23,248,678	$ 21,607,602
Total OPEB liability as a percentage of covered payroll	3.50%	3.84%

Note: Only two years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

EXHIBIT A-4

CITY OF THE COLONY, TEXAS
SCHEDULE OF OPEB CONTRIBUTIONS – TMRS
LAST TWO FISCAL YEARS

	Fiscal Year 2019	Fiscal Year 2018
Actuarially determined contribution	$ 5,653	$ 6,186
Contribution in relation of the actuarially determined contribution	5,653	6,186
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 24,667,651	$ 22,698,203
Contributions as a percentage of covered payroll	0.02%	0.03%

Note: Only two years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

EXHIBIT A-5

CITY OF THE COLONY, TEXAS
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Ad valorem taxes, penalties and interest	$ 22,628,461	$ 22,628,461	$ 23,669,946	$ 1,041,485
Franchise taxes	2,603,000	2,603,000	2,737,190	134,190
Municipal sales tax	7,027,068	7,027,068	8,090,511	1,063,443
Licenses and permits	2,318,852	2,318,852	2,141,833	(177,019)
Charge for services	1,494,200	1,494,200	1,731,140	236,940
Fines and forfeitures	-	-	826,229	826,229
Grants	257,972	257,972	237,202	(20,770)
Gifts and Contributions	1,469,975	1,469,975	1,469,975	-
Investment income	182,000	182,000	799,029	617,029
Miscellaneous	621,500	621,500	2,830,925	2,209,425
Total revenues	38,603,028	38,603,028	44,533,980	5,930,952
EXPENDITURES				
Current:				
General government:				
Community image	568,170	568,170	616,695	(48,525)
General administration	1,181,994	1,181,994	1,463,504	(281,510)
City secretary	358,365	358,365	379,875	(21,510)
City council	164,020	164,020	163,260	760
Human resources	422,153	507,153	554,246	(47,093)
Finance	1,029,376	1,089,376	1,085,176	4,200
Information technology	777,613	736,613	799,103	(62,490)
Nondepartmental	10,020,087	9,888,741	8,921,379	967,362
Fleet services	927,641	927,641	893,125	34,516
Public safety:				
Municipal court	434,328	434,328	385,181	49,147
Fire	9,068,196	9,262,257	9,270,171	(7,914)
Police	11,070,369	11,080,369	10,905,440	174,929
Public works:				
Engineering	1,807,975	1,774,022	1,825,389	(51,367)
Facilities maintenance	1,464,753	1,464,453	1,405,090	59,363
Culture and recreation:				
Parks and recreation	2,507,093	2,465,860	2,434,568	31,292
Aquatic park	546,228	546,228	514,093	32,135
Library	1,180,361	1,180,361	1,139,248	41,113
Community center	203,184	203,184	197,079	6,105
Total expenditures	43,731,906	43,833,135	42,952,622	880,513
Excess (deficiency) of revenues over (under) expenditures	(5,128,878)	(5,230,107)	1,581,358	6,811,465
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	260,000	240,000	141,613	(98,387)
Transfers to other funds	(270,000)	(270,000)	(720,000)	(450,000)
Total other financing sources (uses)	(10,000)	(30,000)	(578,387)	(548,387)
NET CHANGE IN FUND BALANCE	(5,138,878)	(5,260,107)	1,002,971	6,263,078
FUND BALANCES, BEGINNING OF YEAR	14,506,674	14,506,674	14,506,674	-
FUND BALANCES, END OF YEAR	$ 9,367,796	$ 9,246,567	$ 15,509,645	$ 6,263,078

CITY OF THE COLONY, TEXAS
NOTES TO BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2019

BUDGETARY INFORMATION

The City Council adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. Prior to July 31, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

3. The proposed budget is filed with the City Secretary not less than 30 days prior to the time the City Council approves the tax levy for the fiscal year commencing the following October 1. Public hearings are conducted to obtain taxpayers' comments.

3. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.

4. The City Manager has authority to transfer appropriation balances from one expenditure account to another within a single department of the City. Only the City Council may transfer any unencumbered appropriation balance or portion thereof from one department to another. Appropriations lapse at the end of the fiscal year.

An annual budget is legally adopted for the General Fund using accounting principles generally accepted in the United States of America in all material respects.

THE COLONY
City by the Lake

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

THE
COLONY
City by the Lake

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for and the payment of general obligation bonds and interest from governmental resources.

EXHIBIT B-1

CITY OF THE COLONY, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Ad valorem tax	$ 7,215,261	$ 7,215,261	$ 7,538,736	$ 323,475
Gifts and contributions	-	1,506,728	1,506,728	-
Investment income	-	-	115,127	115,127
Miscellaneous	-	-	3,672	3,672
Total revenues	7,215,261	8,721,989	9,164,263	442,274
EXPENDITURES				
Debt service:				
Principal retirement	5,315,263	6,785,263	6,785,263	-
Interest and fiscal charges	3,316,539	3,353,267	2,355,272	997,995
Total expenditures	8,631,802	10,138,530	9,140,535	997,995
Excess (deficiency) of revenues over (under) expenditures	(1,416,541)	(1,416,541)	23,728	1,440,269
NET CHANGE IN FUND BALANCES	(1,416,541)	(1,416,541)	23,728	1,440,269
FUND BALANCE, BEGINNING OF YEAR	1,159,562	1,159,562	1,159,562	-
FUND BALANCE, END OF YEAR	$ (256,979)	$ (256,979)	$ 1,183,290	$ 1,440,269

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or committed to expenditures for specific purposes.

Lake Parks Fund – To account for revenue generated by fees and permits to enter and utilize the park area and facilities located on the eastern shore of Lake Lewisville.

Special Events Fund – To account for various special events of the City including Christmas decorations, 4th of July fireworks display, and other special events held by the City.

Hotel/Motel Taxes Fund – To account for the receipt and allocation of the City's hotel/motel occupancy tax.

Library Grants Fund – To account for proceeds received from various state grants received for the Library.

Police Forfeited Fund – To account for the funds granted to the police department that have been awarded by the court.

Federal Seized Fund – To account for funds granted to the police department in a revenue sharing agreement with the federal government.

Police Seized Fund – To account for funds seized by the police department that are awaiting disposition by the court.

Child Safety Fund – To account for child safety fees collected according to state statute to fund the school crossing guard program and other programs designed to enhance child safety, health or nutrition.

Storm Water Utility Fund – To account for the revenue and expenses associated with the drainage projects within the City.

Court Security Fund – To account for the revenue and expenditures associated with the portion of traffic tickets that have been restricted for the security of the Municipal Court.

Court Technology Fund – To account for the revenue and expenditures associated with the portion of traffic tickets restricted for upgrading the technology in the Municipal Court.

Keep The Colony Beautiful – To account for revenue and expenditures associated with the City-supported community volunteer program designed to help property owners who can't maintain their properties due to financial or physical limitations.

Citizens Donations Fund – To account for money received from the $1 Add-On Program and the Recycling Rebate Program. This money is restricted for social and community services, public safety citizen programs and beautification projects.

Public Improvement District (PID) No.1 – To account for revenues and expenditures related to the City of The Colony Public Improvement District No. 1.

Trinity North Medical – To account for revenues and expenditures related to the City of The Colony renting out space in their building that is externally restricted.

Juvenile Case – To account for revenues and expenditures related to the City of The Colony's juvenile court.

CITY OF THE COLONY, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2019

	SPECIAL REVENUE					
	LAKE PARKS	SPECIAL EVENTS	HOTEL/ MOTEL TAXES	LIBRARY GRANTS	POLICE FORFEITED FUND	FEDERAL SEIZED FUND
ASSETS						
Cash and cash equivalents	$ 968,831	$ 18,840	$ 1,757,284	$ 1,137	$ 28,325	$ 8,536
Accounts receivable	-	-	186,746	-		-
Prepaids	-	13,316	-	-	-	-
TOTAL ASSETS	$ 968,831	$ 32,156	$ 1,944,030	$ 1,137	$ 28,325	$ 8,536
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	$ 5,526	$ 39,556	$ 31,277	$ -	$ 38	$ -
TOTAL LIABILITIES	5,526	39,556	31,277	-	38	-
FUND BALANCES						
Non spendable	-	13,316	-	-	-	-
Restricted	-	-	1,912,753	1,137	28,287	8,536
Committed	963,305	-	-	-	-	-
Unassigned	-	(20,716)	-	-	-	-
TOTAL FUND BALANCES	963,305	(7,400)	1,912,753	1,137	28,287	8,536
TOTAL LIABILITIES AND FUND BALANCES	$ 968,831	$ 32,156	$ 1,944,030	$ 1,137	$ 28,325	$ 8,536

SPECIAL REVENUE										
POLICE SEIZED FUND	CHILD SAFETY FUND	STORM WATER UTILITY	COURT SECURITY	COURT TECHNOLOGY	KEEP THE COLONY BEAUTIFUL	CITIZENS DONATIONS	PID No. 1	TRINITY NORTH MEDICAL	JUVENILE CASE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
16,156	$ 45,078	$ 472,698	$ 255,164	$ 42,842	$ 86,887	$ 9,444	$ 922,428	$ 49,773	$ 9,480	$ 4,692,903
-	49,106	-	-	-	-	-	-	-	-	235,852
-	-	-	-	-	-	-	-	-	-	13,316
$ 16,156	$ 94,184	$ 472,698	$ 255,164	$ 42,842	$ 86,887	$ 9,444	$ 922,428	$ 49,773	$ 9,480	$ 4,942,071
$ -	$ -	$ 3,508	$ -	$ 8,808	$ 41	$ -	$ 173,082	29,474	$ -	$ 291,310
-	-	3,508	-	8,808	41	-	173,082	29,474	-	291,310
-	-	-	-	-	-	-	-	-	-	13,316
16,156	94,184	469,190	255,164	34,034	86,846	9,444	749,346	20,299	9,480	3,694,856
-	-	-	-	-	-	-	-	-	-	963,305
-	-	-	-	-	-	-	-	-	-	(20,716)
16,156	94,184	469,190	255,164	34,034	86,846	9,444	749,346	20,299	9,480	4,650,761
$ 16,156	$ 94,184	$ 472,698	$ 255,164	$ 42,842	$ 86,887	$ 9,444	$ 922,428	$ 49,773	$ 9,480	$ 4,942,071

CITY OF THE COLONY, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	SPECIAL REVENUE					
	LAKE PARKS	SPECIAL EVENTS	HOTEL/ MOTEL TAXES	LIBRARY GRANTS	POLICE FORFEITED FUND	FEDERAL SEIZED FUND
REVENUES						
Licenses and permits	$ 357,982	$ -	$ -	$ -	$ -	$ -
Fines and forfeitures	-	-	-	-	9,287	-
Charges for services	-	-	-	-	-	-
Hotel / motel taxes	-	-	1,532,041	-	-	-
Gifts and contributions	123,050	220	-	-	-	-
Grants	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Miscellaneous	60	62,424	-	-	-	-
Total revenues	481,092	62,644	1,532,041	-	9,287	-
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Culture and recreation	103,084	542,745	690,671	-	-	-
Public works	-	-	-	-	-	-
Public safety	-	-	-	-	4,504	-
Capital outlay	172,352	-	-	-	-	-
Total expenditures	275,436	542,745	690,671	-	4,504	-
Excess (deficiency) of revenues over (under) expenditures	205,656	(480,101)	841,370	-	4,783	-
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	390,000	115,000	-	4,948	-
Transfers to other funds	(35,000)	-	(350,000)	-	-	-
Total other financing sources (uses)	(35,000)	390,000	(235,000)	-	4,948	-
NET CHANGE IN FUND BALANCES	170,656	(90,101)	606,370	-	9,731	-
FUND BALANCES, BEGINNING OF YEAR	792,649	82,701	1,306,383	1,137	18,556	8,536
FUND BALANCES, END OF YEAR	$ 963,305	$ (7,400)	$ 1,912,753	$ 1,137	$ 28,287	$ 8,536

SPECIAL REVENUE										
POLICE SEIZED FUND	CHILD SAFETY FUND	STORM WATER UTILITY	COURT SECURITY	COURT TECHNOLOGY	KEEP THE COLONY BEAUTIFUL	CITIZENS DONATIONS	PID No. 1	TRINITY NORTH MEDICAL	JUVENILE CASE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
$ -	$ -	828,549	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,186,531
21,104	-	-	13,931	20,581	-	-	-	-	-	64,903
-	-	-	-	-	-	-	1,526,707	-	9,480	1,536,187
-	-	-	-	-	-	-	-	-	-	1,532,041
-	-	-	-	-	-	485	-	-	-	123,755
-	102,360	-	-	-	-	-	-	-	-	102,360
-	-	-	-	-	-	-	157,693	-	-	157,693
-	-	-	-	-	-	-	-	85,415	-	147,899
21,104	102,360	828,549	13,931	20,581	-	485	1,684,400	85,415	9,480	4,851,369
-	-	-	-	-	-	-	1,488,132	65,116	-	1,553,248
-	-	-	-	-	-	-	-	-	-	1,336,500
-	-	168,588	-	-	5,633	-	-	-	-	174,221
-	35,937	-	3,669	20,152	-	-	-	-	-	64,262
-	-	-	-	-	-	-	5,872	-	-	178,224
-	35,937	168,588	3,669	20,152	5,633	-	1,494,004	65,116	-	3,306,455
21,104	66,423	659,961	10,262	429	(5,633)	485	190,396	20,299	9,480	1,544,914
-	-	-	-	-	5,000	-	-	-	-	514,948
(4,948)	(10,000)	(198,000)	-	-	-	-	-	-	-	(597,948)
(4,948)	(10,000)	(198,000)	-	-	5,000	-	-	-	-	(83,000)
16,156	56,423	461,961	10,262	429	(633)	485	190,396	20,299	9,480	1,461,914
-	37,761	7,229	244,902	33,605	87,479	8,959	558,950	-	-	3,188,847
$ 16,156	$ 94,184	$ 469,190	$ 255,164	$ 34,034	$ 86,846	$ 9,444	$ 749,346	$ 20,299	$ 9,480	$ 4,650,761

EXHIBIT C-3

CITY OF THE COLONY
LAKE PARKS SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Licenses and permits	$ 211,000	$ 211,000	$ 357,982	$ 146,982
Development contributions	62,000	62,000	123,050	61,050
Miscellaneous	-	-	60	60
Total revenues	273,000	273,000	481,092	208,092
EXPENDITURES				
Culture and recreation	103,775	106,275	103,084	3,191
Capital outlay	100,000	100,000	172,352	(72,352)
Total expenditures	203,775	206,275	275,436	(69,161)
Excess of revenues over expenditures	69,225	66,725	205,656	138,931
OTHER FINANCING USES				
Transfers to other funds	(35,000)	(35,000)	(35,000)	-
Total other financing uses	(35,000)	(35,000)	(35,000)	-
NET CHANGE IN FUND BALANCES	34,225	31,725	170,656	138,931
FUND BALANCE, BEGINNING OF YEAR	792,649	792,649	792,649	-
FUND BALANCE, END OF YEAR	$ 826,874	$ 824,374	$ 963,305	$ 138,931

EXHIBIT C-4

CITY OF THE COLONY
SPECIAL EVENTS SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Gifts and contributions	$ -	$ -	$ 220	$ 220
Miscellaneous	62,000	62,000	62,424	424
Total revenues	62,000	62,000	62,644	644
EXPENDITURES				
Culture and recreation	557,582	557,582	542,745	14,837
Total expenditures	557,582	557,582	542,745	14,837
Excess (deficiency) of revenues over (under) expenditures	(495,582)	(495,582)	(480,101)	15,481
OTHER FINANCING SOURCES				
Transfers from other funds	390,000	390,000	390,000	-
Total other financing sources	390,000	390,000	390,000	-
NET CHANGE IN FUND BALANCES	(105,582)	(105,582)	(90,101)	15,481
FUND BALANCE, BEGINNING OF YEAR	82,701	82,701	82,701	-
FUND BALANCE, END OF YEAR	$ (22,881)	$ (22,881)	$ (7,400)	$ 15,481

EXHIBIT C-5

CITY OF THE COLONY
HOTEL/MOTEL TAXES SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Hotel / motel taxes	$ 900,000	$ 900,000	$ 1,532,041	$ 632,041
Total revenues	900,000	900,000	1,532,041	632,041
EXPENDITURES				
Culture and recreation	546,102	546,102	690,671	(144,569)
Total expenditures	546,102	546,102	690,671	(144,569)
Excess of revenues over expenditures	353,898	353,898	841,370	487,472
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	115,000	115,000	115,000	-
Transfers to other funds	-	-	(350,000)	(350,000)
Total other financing sources (uses)	115,000	115,000	(235,000)	(350,000)
NET CHANGE IN FUND BALANCES	468,898	468,898	606,370	137,472
FUND BALANCE, BEGINNING OF YEAR	1,306,383	1,306,383	1,306,383	-
FUND BALANCE, END OF YEAR	$ 1,775,281	$ 1,775,281	$ 1,912,753	$ 137,472

EXHIBIT C-6

CITY OF THE COLONY
CHILD SAFETY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Grants	$ 42,000	$ 42,000	$ 102,360	$ 60,360
Total revenues	42,000	42,000	102,360	60,360
EXPENDITURES				
Public safety	35,938	35,938	35,937	1
Total expenditures	35,938	35,938	35,937	1
Excess of revenues over expenditures	6,062	6,062	66,423	60,361
OTHER FINANCING USES				
Transfers to other funds	(10,000)	(10,000)	(10,000)	-
Total other financing uses	(10,000)	(10,000)	(10,000)	-
NET CHANGE IN FUND BALANCES	(3,938)	(3,938)	56,423	60,361
FUND BALANCE, BEGINNING OF YEAR	37,761	37,761	37,761	-
FUND BALANCE, END OF YEAR	$ 33,823	$ 33,823	$ 94,184	$ 60,361

EXHIBIT C-7

CITY OF THE COLONY
STORM WATER UTILITY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Licenses and permits	$ 650,000	$ 650,000	$ 828,549	$ 178,549
Total revenues	650,000	650,000	828,549	178,549
EXPENDITURES				
Public works	450,000	450,000	168,588	281,412
Total expenditures	450,000	450,000	168,588	281,412
Excess of revenues over expenditures	200,000	200,000	659,961	459,961
OTHER FINANCING USES				
Transfers to other funds	(150,000)	(150,000)	(198,000)	(48,000)
Total other financing uses	(150,000)	(150,000)	(198,000)	(48,000)
NET CHANGE IN FUND BALANCES	50,000	50,000	461,961	411,961
FUND BALANCE, BEGINNING OF YEAR	7,229	7,229	7,229	-
FUND BALANCE, END OF YEAR	$ 57,229	$ 57,229	$ 469,190	$ 411,961

DISCRETELY PRESENTED COMPONENT UNITS

The Colony Economic Development Corporation (TCEDC) – TCEDC is a legally separate entity from the City and was organized exclusively for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of public welfare.

The Colony Community Development Corporation (TCCDC) – TCCDC is a legally separate entity from the City and was organized for the purpose of the promotion of economic development by developing, implementing, and financing projects under the Development Corporation Act of 1979.

The Colony Local Development Corporation (TCLDC) – The TCLDC is a legally separate entity from the City and was organized exclusively for the purpose of serving as the primary governing body for the funding of the Tax Increment Reinvestment Zone Number One public infrastructure between the City and NFM Services.

EXHIBIT F-1

CITY OF THE COLONY, TEXAS
THE COLONY ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
SEPTEMBER 30, 2019

ASSETS		
Cash and cash equivalents	$	7,870,049
Sales tax receivable		1,163,992
Restricted assets:		
Cash and cash equivalents		6,162,873
Total assets	$	15,196,914
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	$	730,033
Total liabilities		730,033
FUND BALANCES		
Restricted for:		
Construction		642,405
Unassigned		13,824,476
Total fund balance		14,466,881
Total liabilities and fund balances	$	15,196,914

EXHIBIT F-2

CITY OF THE COLONY, TEXAS
THE COLONY ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total fund balances - governmental funds	$	14,466,881
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		8,095,952
Interest payable on long term debt does not require current financial resources, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(1,070,249)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
Bonds payable		(35,285,000)
Compensated absences		(90,518)
Discount on issuance of debt		1,609,110
Net position of governmental activities	$	(12,273,824)

EXHIBIT F-3

CITY OF THE COLONY, TEXAS
THE COLONY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

REVENUES	
Municipal sales tax	$ 6,560,188
Investment income	206,681
Miscellaneous	5,658
Total revenues	6,772,527
EXPENDITURES	
Current:	
Economic development	2,638,008
Debt service:	
Principal retirement	620,000
Interest and fiscal charges	2,323,607
Total expenditures	5,581,615
NET CHANGE IN FUND BALANCES	1,190,912
FUND BALANCES, BEGINNING OF YEAR	13,275,969
FUND BALANCES, END OF YEAR	$ 14,466,881

EXHIBIT F-4

CITY OF THE COLONY, TEXAS
THE COLONY ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds	$	1,190,912
Amounts reported for governmental activities in the statement of activities are different because:		
Current year amortization of discounts that does not require the use of current financial resources; and, therefore, not reported as expenditures in governmental funds.		(67,048)
Current year changes in accrued compensated absences do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.		(3,506)
Current year principal payments on long-term debt are recorded as expenditures in the fund financial statements, but are reflected as reductions of the liability for long-term debt in the government-wide financial statements.		620,000
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(16,077)
Change in Net Position of Governmental activities	$	1,724,281

CITY OF THE COLONY, TEXAS
THE COLONY COMMUNITY DEVELOPMENT CORPORATION
BALANCE SHEET
SEPTEMBER 30, 2019

ASSETS		
Cash and cash equivalents	$	2,826,082
Sales tax receivable		1,163,992
Prepaid items		213
Restricted assets:		
Cash and cash equivalents		6,166,116
Total assets	$	10,156,403
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	658,088
Total liabilities		658,088
FUND BALANCE		
Unassigned		9,498,315
Total fund balance		9,498,315
Total liabilities and fund balance	$	10,156,403

EXHIBIT F-6

CITY OF THE COLONY, TEXAS
THE COLONY COMMUNITY DEVELOPMENT CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total fund balances - governmental funds	$ 9,498,315
Amounts reported for governmental activities in the statement of net position are different because:	
Interest payable on long term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(1,042,588)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements. Long-term liabilities at year end consist of:	
Bonds payable	(28,940,000)
Discount on issuance of debt	1,609,110
Net position of governmental activities	$ (18,875,163)

EXHIBIT F-7

CITY OF THE COLONY, TEXAS
THE COLONY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

REVENUES		
Municipal sales tax	$	6,560,188
Investment income		202,085
Miscellaneous		500
Total revenues		6,762,773
EXPENDITURES		
Current:		
Economic development		4,016,546
Debt service:		
Principal retirement		240,000
Interest and fiscal charges		2,093,575
Total expenditures		6,350,121
Excess of revenues over expenditures		412,652
FUND BALANCE, BEGINNING OF YEAR		9,085,663
FUND BALANCE, END OF YEAR	$	9,498,315

EXHIBIT F-8

CITY OF THE COLONY, TEXAS
THE COLONY COMMUNITY DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds	$	412,652
Amounts reported for governmental activities in the statement of activities are different because:		
Current year principal payments on long-term debt are recorded as expenditures in the fund financial statements, but are reflected as reductions of the liability for long-term debt in the government-wide financial statements.		240,000
Current year amortization of the costs of discounts on debt issuance does not require the use of current financial resources; and, therefore, not reported as expenditures in governmental funds.		(67,047)
Current year changes in accrued interest payable do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.		20,077
Change in Net Position of Governmental activities	$	605,682

EXHIBIT F-9

CITY OF THE COLONY, TEXAS
THE COLONY LOCAL DEVELOPMENT CORPORATION
BALANCE SHEET
SEPTEMBER 30, 2019

ASSETS		
Restricted cash and cash equivalents	$	12,895,156
Total assets	$	12,895,156
FUND BALANCE		
Restricted for:		
Construction	$	10,524,519
Unrestricted		2,370,637
Total fund balance		12,895,156
Total liabilities and fund balance	$	12,895,156

EXHIBIT F-10

CITY OF THE COLONY, TEXAS
THE COLONY LOCAL DEVELOPMENT CORPORATION
RECONCILITATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total fund balance - governmental fund	$ 12,895,156
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	22,321,911
Interest payable on long term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(3,724,115)
Prepaid insurance costs associated with the issuance of bonds are recorded as expenditures at the time of issuance in the governmental funds financial statements. In the government-wide financial statements, these costs are recorded as an asset and amortized into expense over the life of the debt.	3,856,438
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements. Long-term liabilities at year end consist of:	
Bonds payable	(142,080,000)
Discount on issuance of debt	32,918
Net position for governmental activities	$ (106,697,692)

EXHIBIT F-11

CITY OF THE COLONY, TEXAS
THE COLONY LOCAL DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

REVENUES		
Intergovernmental	$	3,134,212
Municipal sales tax		5,454,312
Investment income		102,330
Total revenues		8,690,854
EXPENDITURES		
Current:		
Economic development		975,580
Debt services:		
Principal retirement		160,000
Interest and fiscal charges		7,452,231
Total expenditures		8,587,811
NET CHANGE IN FUND BALANCE		103,043
FUND BALANCE, BEGINNING OF YEAR		12,792,113
FUND BALANCE, END OF YEAR	$	12,895,156

EXHIBIT F-12

CITY OF THE COLONY, TEXAS
THE COLONY LOCAL DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - Local Development Corporation	$	103,043
Amounts reported for governmental activities in the statement of activities are different because:		
Current year amortization of the costs of discounts on debt issuance does not require the use of current financial resources; and, therefore, not reported as expenditures in governmental funds.		(2,121)
Current year principal payments on long-term debt are recorded as expenditures in th however, in the government-wide financial statements, the difference between the proceeds for land the carrying amount of the assets is recorded as a gain/loss on disposal. This amount		160,000
Current year changes in accrued interest payable do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.		45,423
Change in net position of governmental activities	$	306,345

THE
COLONY
City by the Lake

STATISTICAL SECTION

THE
COLONY
City by the Lake

STATISTICAL SECTION
(Unaudited)

The City of the Colony's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

		Tables
Financial Trends	These Schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
Revenue Capacity	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-8
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	9-13
Demographic and Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	14-16
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relate to the services the City provides and the activities it performs.	17-18

CITY OF THE COLONY, TEXAS
NET POSITION BY COMPONENT
ACCRUAL BASIS OF ACCOUNTING
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2010	**2011**	**2012**	**2013**
Governmental activities				
Net investment in capital assets	$ 120,889,617	$ 120,171,449	$ 124,203,756	$ 138,322,067
Restricted for:				
Debt service	1,417,890	1,328,743	616,551	491,954
Construction	-	-	-	-
Government funded construction costs	21,587,370	15,162,606	18,841,254	36,282,548
Other	-	-	-	-
Unrestricted	7,104,234	12,898,833	18,856,491	8,376,946
Total governmental activities net position	$ 150,999,111	$ 149,561,631	$ 162,518,052	$ 183,473,515
Business-type activities				
Net investment in capital assets	$ 34,339,436	$ 32,790,670	$ 34,435,853	$ 35,059,168
Restricted for:				
Debt service	2,125,650	2,035,533	1,630,663	1,630,805
Construction	-	-	-	-
Government funded construction costs	-	-	-	-
Unrestricted	5,272,751	7,431,021	6,214,403	4,984,955
Total business-type activities net position	$ 41,737,837	$ 42,257,224	$ 42,280,919	$ 41,674,928
Primary government				
Net investment in capital assets	$ 155,229,053	$ 152,962,119	$ 158,639,609	$ 173,381,235
Restricted for:				
Debt service	3,543,540	3,364,276	2,247,214	2,122,759
Construction	-	-	-	-
Governmental funded construction costs	21,587,370	15,162,606	18,841,254	36,282,548
Other	-	-	-	-
Unrestricted	12,376,985	20,329,854	25,070,894	13,361,901
Total primary governmental net position	$ 192,736,948	$ 191,818,855	$ 204,798,971	$ 225,148,443

Source: Comprehensive Annual Financial Report

TABLE 1

Fiscal Year					
2014	**2015**	**2016**	**2017**	**2018**	**2019**
$ 192,477,376	$ 192,477,376	$ 216,941,085	$ 204,138,146	$ 193,724,440	$ 197,783,498
1,257,148	1,257,148	1,826,579	1,027,528	902,127	863,999
367,397	367,397	367,397	367,397	-	-
578,825	578,825	791,860	1,729,804	4,716,830	4,538,583
1,014,418	1,014,418	1,264,226	1,684,065	2,313,497	3,694,856
10,388,094	10,388,094	17,693,194	8,666,844	8,704,028	5,535,911
$ 206,083,258	$ 206,083,258	$ 238,884,341	$ 217,613,784	$ 210,360,922	$ 212,416,847
$ 40,490,252	$ 40,490,252	$ 25,654,373	$ 97,282,865	$ 103,990,659	$ 103,881,697
-	-	-	-	-	-
1,333,988	1,333,988	1,413,437	2,323,551	-	-
-	-	-	-	2,482,944	2,039,020
3,890,445	3,890,445	17,934,272	2,128,657	4,887,549	7,666,343
$ 45,714,685	$ 45,714,685	$ 45,002,082	$ 101,735,073	$ 111,361,152	$ 113,587,060
$ 232,967,628	$ 232,967,628	$ 242,595,458	$ 301,421,011	$ 297,715,099	$ 301,665,195
1,257,148	1,257,148	1,826,579	1,027,528	902,127	863,999
1,701,385	1,701,385	1,780,834	2,690,948	-	-
578,825	578,825	791,860	1,729,804	7,199,774	6,577,603
1,014,418	1,014,418	1,264,226	1,684,065	2,313,497	3,694,856
14,278,539	14,278,539	35,627,466	10,795,501	13,591,577	13,202,254
$ 251,797,943	$ 251,797,943	$ 283,886,423	$ 319,348,857	$ 321,722,074	$ 326,003,907

CITY OF THE COLONY, TEXAS
CHANGES IN NET POSITION
ACCRUAL BASIS OF ACCOUNTING
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	$ 5,348,676	$ 5,358,521	$ 5,088,732	$ 5,376,865
Public safety	12,007,197	14,315,846	13,033,809	13,307,649
Public works	7,259,566	6,103,481	6,540,099	5,901,952
Culture and recreation	4,328,613	4,220,462	4,383,077	4,603,345
Interest on Long-term Debt	2,148,148	2,803,970	2,262,515	1,718,298
Total governmental activities expenses	31,092,200	32,802,280	31,308,232	30,908,109
Business-type activities:				
Water and sewer	12,675,692	12,966,102	13,262,154	14,009,946
Total business-type activities expenses	12,675,692	12,966,102	13,262,154	14,009,946
Total primary government expenses	$ 43,767,892	$ 45,768,382	$ 44,570,386	$ 44,918,055
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	$ 2,339,378	$ 2,394,953	$ 1,382,069	$ 1,820,291
Public safety	1,376,055	1,756,273	1,467,787	1,269,844
Public works	3,035	-	-	-
Culture and recreation	636,493	681,708	691,786	1,249,298
Operating grants and contributions	2,113,635	1,532,482	14,574,876	22,019,655
Capital grants and contributions	24,282,758	1,939,338	2,766,960	2,899,255
Total governmental activities program revenues	30,751,354	8,304,754	20,883,478	29,258,343
Business-type activities:				
Charges for Services:				
Water and sewer	13,615,694	14,502,097	13,646,312	13,579,477
Operating grants and contributions	307,870	-	-	-
Capital grants and contributions	1,794,035	731,229	676,404	1,338,003
Total business-type activities program revenues	15,717,599	15,233,326	14,322,716	14,917,480
Total primary government program revenues	$ 46,468,953	$ 23,538,080	$ 35,206,194	$ 44,175,823
Net (Expenses) Revenues				
Governmental activities	$ (340,846)	$ (24,497,526)	$ (10,424,754)	$ (1,649,766)
Business-type activities	3,041,907	2,267,224	1,060,562	907,534
Total primary government net expenses	$ 2,701,061	$ (22,230,302)	$ (9,364,192)	$ (742,232)

Source: Comprehensive Annual Financial Report

TABLE 2

Fiscal Year					
2014	**2015**	**2016**	**2017**	**2018**	**2019**
$ 4,657,245	$ 8,498,744	$ 11,225,704	$ 13,083,945	$ 17,442,292	$ 15,928,203
14,111,478	13,702,805	17,950,628	19,078,137	19,917,944	24,524,067
6,365,189	6,634,461	6,601,440	33,589,099	15,129,445	9,100,156
4,861,085	4,945,616	5,171,748	5,504,249	6,011,423	6,377,301
1,615,808	1,552,854	1,390,574	1,731,842	1,729,008	2,254,447
31,610,805	35,334,480	42,340,094	72,987,272	60,230,112	58,184,174
14,046,013	15,332,384	16,750,973	19,040,918	19,670,658	20,447,636
14,046,013	15,332,384	16,750,973	19,040,918	19,670,658	20,447,636
$ 45,656,818	$ 50,666,864	$ 59,091,067	$ 92,028,190	$ 79,900,770	$ 78,631,810
$ 817,907	$ 677,339	$ 3,608,782	$ 1,927,505	$ 2,389,337	$ 2,655,534
1,909,552	1,621,361	1,546,836	1,643,454	1,966,757	1,906,360
1,734,579	3,308,308	2,213,005	2,292,974	2,245,868	2,045,067
738,844	758,969	764,819	813,238	821,582	859,582
2,673,886	5,712,865	3,268,620	2,641,513	103,553	1,846,995
8,730,508	11,365,061	25,670,242	10,303,953	10,158,807	5,869,468
16,605,276	23,443,903	37,072,304	19,622,637	17,685,904	15,183,006
14,406,435	15,210,296	15,959,047	17,724,046	20,009,706	18,885,913
51,745	306,999	307,161	306,545	-	-
1,572,935	5,055,328	6,426,313	53,449,568	3,622,560	2,663,115
16,031,115	20,572,623	22,692,521	71,480,159	23,632,266	21,549,028
$ 32,636,391	$ 44,016,526	$ 59,764,825	$ 91,102,796	$ 41,318,170	$ 36,732,034
$ (15,005,529)	$ (11,890,577)	$ (5,267,790)	$ (53,364,635)	$ (42,544,208)	$ (43,001,168)
1,985,102	5,240,239	5,941,548	52,439,241	3,961,608	1,101,392
$ (13,020,427)	$ (6,650,338)	$ 673,758	$ (925,394)	$ (38,582,600)	$ (41,899,776)

CITY OF THE COLONY, TEXAS
CHANGES IN NET POSITION
ACCRUAL BASIS OF ACCOUNTING
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	$ 14,733,978	$ 14,643,407	$ 14,797,974	$ 14,926,095
Sales taxes	3,118,514	3,435,175	3,655,111	4,098,458
Franchise taxes	2,024,933	2,199,253	3,104,073	2,205,461
Hotel motel taxes	282,798	371,056	370,798	425,177
Penalties and interest	154,803	102,593	155,272	98,147
Interest on investments	39,924	76,193	50,088	43,567
Impact fees	-	-	-	-
Miscellaneous	-	-	-	501,649
Transfers	2,295,590	2,232,369	1,247,859	1,282,318
Total governmental activities	22,650,540	23,060,046	23,381,175	23,580,872
Business-type activities:				
Property taxes	12,660	-	-	-
Interest on investments	29,222	21,000	16,263	8,093
Impact fees	139,110	-	-	-
Miscellaneous	-	463,532	194,729	441,338
Gain/loss on sale/disposal of capital assets	-	-	-	-
Transfers	(2,295,590)	(2,232,369)	(1,247,859)	(1,282,318)
Total business-type activities	(2,114,598)	(1,747,837)	(1,036,867)	(832,887)
Total primary government	20,535,942	21,312,209	22,344,308	22,747,985
Change in Net Position				
Governmental activities	22,309,694	(1,437,480)	12,956,421	21,931,106
Business-type activities	927,309	519,387	23,695	74,647
Total primary government	$ 23,237,003	$ (918,093)	$ 12,980,116	$ 22,005,753

Source: Comprehensive Annual Financial Report

Note: Significant decrease in public works expense in FY2018 due to prior year $26 million contribution of capital assets to Texas Department of Transportation.

Fiscal Year					
2014	**2015**	**2016**	**2017**	**2018**	**2019**
$ 15,561,110	$ 17,277,344	$ 21,204,646	$ 24,719,070	$ 27,584,526	$ 31,092,818
4,452,674	5,294,228	5,736,997	6,357,581	7,100,104	8,090,511
2,415,524	2,672,475	2,527,792	2,609,706	2,705,950	2,737,190
473,743	525,449	668,011	1,275,280	1,525,722	1,532,041
58,769	130,513	294,798	125,543	133,895	108,472
19,516	19,660	102,126	256,672	729,690	1,075,171
-	-	-	-	-	-
706,755	763,871	792,311	838,429	1,521,033	895,376
652,385	2,004,806	6,742,192	(4,088,203)	(5,397,569)	(474,486)
24,340,476	28,688,346	38,068,873	32,094,078	35,903,351	45,057,093
-	-	-	-	-	-
3,056	14,125	88,041	205,547	356,102	650,030
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(652,385)	(2,004,806)	(6,742,192)	4,088,203	5,397,569	474,486
(649,329)	(1,990,681)	(6,654,151)	4,293,750	5,753,671	1,124,516
23,691,147	26,697,665	31,414,722	36,387,828	41,657,022	46,181,609
9,334,947	16,797,769	32,801,083	(21,270,557)	(6,640,857)	2,055,925
1,335,773	3,249,558	(712,603)	56,732,991	9,715,279	2,225,908
$ 10,670,720	$ 20,047,327	$ 32,088,480	$ 35,462,434	$ 3,074,422	$ 4,281,833

CITY OF THE COLONY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Reserved for:				
Encumbrances	$ 152,211	$ -	$ -	$ -
Unreserved- designated for	-	-	-	-
Hidden Cove Park	156,000	-	-	-
Unreserved and undesignated	6,771,098	-	-	-
Restricted for capital projects	-	-	-	-
Nonspendable	-	-	112,876	99,785
Unassigned	-	7,904,478	7,407,174	8,307,886
Total general fund	$ 7,079,309	$ 7,904,478	$ 7,520,050	$ 8,407,671
All Other Governmental Funds				
Reserved for:				
Encumbrances	$ 83,971	$ -	$ -	$ -
Capital Projects	32,766,218	-	-	-
Debt Service	1,592,932	-	-	-
Court security and technology	328,436	-	-	-
Unreserved and undesignated	584,000	-	-	-
Restricted for:				
Capital Projects	-	19,856,420	30,118,151	38,356,081
Debt Service	-	1,328,743	616,551	491,954
Other	-	873,735	901,645	915,493
Committed	-	480,430	268,589	422,302
Nonspendable	-	-	-	-
Unassigned	-	(152,544)	-	-
Total all other governmental funds	$ 35,355,557	$ 22,386,784	$ 31,904,936	$ 40,185,830

Source: Comprehensive Annual Financial Report

Note: The City implemented GASB Statement No. 54, which impacted both the classifications of funds and classifications of balances within the funds, in 2011.

TABLE 3

Fiscal Year					
2014	**2015**	**2016**	**2017**	**2018**	**2019**
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
367,397	367,397	367,397	367,397	-	-
87,434	109,169	284,122	313,070	110,389	295,737
10,458,525	12,622,396	13,275,540	13,503,540	14,396,285	15,213,908
$ 10,913,356	$ 13,098,962	$ 13,927,059	$ 14,184,007	$ 14,506,674	$ 15,509,645
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
		-	-	-	-
12,241,468	3,284,839	790,306	1,729,804	20,717,454	18,082,244
650,022	1,390,478	1,922,262	1,133,536	1,159,562	1,183,290
1,014,418	801,546	1,261,149	1,681,336	2,313,497	3,694,856
4,208,038	5,566,517	10,688,119	11,099,306	1,386,721	963,305
-	-	5,565	5,294	931	13,532
-	(1,230,851)	-	-	-	(20,716)
$ 18,113,946	$ 9,812,529	$ 14,667,401	$ 15,649,276	$ 25,578,165	$ 23,916,511

CITY OF THE COLONY, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
REVENUES				
Ad valorem taxes, penalties and interest	$ 14,835,935	$ 14,979,835	$ 15,002,544	$ 14,935,642
Franchise taxes	2,024,933	2,199,253	2,266,213	2,205,461
Municipal sales tax	3,118,514	3,435,175	3,655,111	4,098,458
Licenses and permits	1,137,189	1,350,128	1,382,069	1,820,291
Charges for services	1,105,877	1,172,459	998,347	1,249,298
Fines and forfeitures	1,055,261	1,348,594	1,161,226	1,269,844
Grants	350,595	166,116	232,186	465,057
Gifts and contributions	1,763,040	1,713,597	1,899,880	2,175,919
Hotel / motel taxes	282,798	371,056	370,798	425,177
Capital recovery fees	23,444,825	1,477,503	14,574,876	21,519,655
Interest earned	39,690	76,193	50,088	43,567
Miscellaneous	1,056,634	1,046,066	837,860	501,649
Total revenues	50,215,291	29,335,975	42,431,198	50,710,018
EXPENDITURES				
Current				
General government	5,259,315	5,242,015	4,068,715	4,264,620
Public safety	13,970,748	17,507,678	12,277,603	12,374,865
Public works	5,100,959	9,870,654	7,156,968	2,001,302
Cultural and recreation	4,367,343	4,746,425	4,561,579	4,155,473
Fleet replacement				
Economic development				
Capital Outlay	734,486	383,637	109,838	16,283,998
Debt Service:				
Principal retirement	3,301,150	3,415,254	4,434,919	4,195,250
Interest and fiscal charges	1,944,886	2,555,585	2,245,051	1,550,643
Other debt service costs	380,436	111,541	140,574	117,838
Total expenditures	35,059,323	43,832,789	34,995,247	44,943,989
Excess (deficiency) of revenues over (under) expenditures	15,155,968	(14,496,814)	7,435,951	5,766,029
OTHER FINANCING SOURCES (USES)				
Issuance of debt	12,725,000	-	-	2,073,533
Issuance of refunding debt	4,750,000	5,728,800	6,056,900	2,795,693
Payment of escrow for refunding debt	(5,039,202)	(5,971,643)	(6,076,552)	(3,120,000)
Premium on issuance of debt	894,364	363,684	160,226	370,942
Proceeds from sale of capital assets	-	-	-	-
Transfers from other funds	3,918,968	4,317,840	7,190,015	2,754,588
Transfers to other funds	(1,623,379)	(2,085,471)	(5,632,816)	(1,472,270)
Total other financing sources (uses)	15,625,751	2,353,210	1,697,773	3,402,486
NET CHANGE IN FUND BALANCES	$ 30,781,719	$ (12,143,604)	$ 9,133,724	$ 9,168,515
Debt service as a percentage of noncapital expenditures	16.4%	14.0%	19.6%	20.6%

Source: Comprehensive Annual Financial Report

Fiscal Year					
2014	**2015**	**2016**	**2017**	**2018**	**2019**
$ 15,487,211	$ 17,708,151	$ 21,257,383	$ 24,665,737	$ 28,073,387	$ 31,208,682
2,415,524	2,672,475	2,527,792	2,609,706	2,705,950	2,737,190
4,452,674	5,294,228	5,736,997	6,357,581	7,100,104	8,090,511
2,548,914	4,076,413	3,113,013	3,150,756	3,183,516	3,328,364
1,308,917	1,248,868	4,150,248	2,672,368	3,245,584	3,267,327
1,343,051	1,040,696	870,181	854,047	984,744	891,132
309,622	326,685	316,672	412,631	102,554	339,562
2,700,591	5,881,783	3,252,323	2,445,113	4,712,701	3,686,808
473,473	525,449	668,011	1,275,280	1,525,722	1,532,041
6,712,194	1,090,071	2,518,123	1,495,213	905,300	856,880
19,516	19,660	102,126	256,672	729,690	1,075,171
706,755	770,156	792,311	838,429	1,521,033	2,982,496
38,478,442	40,654,635	45,305,180	47,033,533	54,790,285	59,996,164
3,956,996	4,738,905	7,739,892	9,005,102	12,787,913	12,251,044
12,797,691	13,950,864	15,162,864	16,904,990	18,538,271	22,225,377
2,181,484	3,204,557	3,480,223	4,119,371	3,955,801	5,312,936
4,233,864	4,435,393	4,473,519	4,803,444	5,370,608	5,621,488
30,700,864	20,723,176	9,801,947	12,722,830	8,985,109	19,677,151
4,066,150	4,255,146	3,985,693	3,945,295	4,485,630	6,785,263
1,647,599	1,638,941	1,485,036	1,885,328	2,044,983	2,355,272
25,169	55,015	272,250	269,752	194,643	148,434
59,609,817	53,001,997	46,401,424	53,656,112	56,362,958	74,376,965
(21,131,375)	(12,347,362)	(1,096,244)	(6,622,579)	(1,572,673)	(14,380,801)
-	3,040,800	-	9,204,000	12,726,000	13,242,170
-	-	9,023,150	-	-	-
-	-	(9,623,402)	-	-	-
-	250,945	637,273	-	533,188	954,434
-	935,000	-	731,402	-	-
3,718,125	5,277,829	14,488,155	3,332,936	13,769,908	890,075
(2,153,219)	(3,273,023)	(7,745,963)	(5,406,936)	(15,204,867)	(1,364,561)
1,564,906	6,231,551	6,779,213	7,861,402	11,824,229	13,722,118
$ (19,566,469)	$ (6,115,811)	$ 5,682,969	$ 1,238,823	$ 10,251,556	$ (658,683)
19.8%	17.8%	15.6%	14.0%	13.7%	16.7%

TABLE 5

CITY OF THE COLONY, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (UNAUDITIED)

Fiscal Year	Residential Property	Commercial Property	Lots, Land and Farm Property	Less: Tax Exempt Property	Total Taxable Assessed Value[a]	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value[b] as a Percentage of Actual Value
2010	$ 1,560,226,270	$ 687,641,850	$ 159,840,111	$ 261,431,780	$ 2,146,276,451	$ 0.68800	$ 2,146,276,451	100.00%
2011	1,569,607,583	632,696,025	150,073,277	257,990,301	2,094,386,584	$ 0.68550	2,094,386,584	100.00%
2012	1,601,232,947	665,867,076	151,296,903	262,401,818	2,155,995,108	$ 0.68300	2,155,995,108	100.00%
2013	1,570,595,410	725,097,869	119,916,725	235,621,588	2,179,988,416	$ 0.68000	2,179,988,416	100.00%
2014	1,639,008,480	850,183,936	97,622,211	279,763,849	2,307,050,778	$ 0.67750	2,307,050,778	100.00%
2015	1,825,181,743	1,096,166,239	99,116,629	395,343,379	2,625,121,232	$ 0.67250	2,625,121,232	100.00%
2016	2,049,580,033	1,366,491,362	80,496,674	396,069,625	3,100,498,444	$ 0.67000	3,100,498,444	100.00%
2017	2,402,844,301	1,657,374,018	79,968,769	522,157,525	3,618,029,563	$ 0.66750	3,618,029,563	100.00%
2018	2,759,088,028	1,754,755,888	73,977,449	513,136,124	4,074,685,241	$ 0.66500	4,074,685,241	100.00%
2019	3,163,815,052	1,818,858,009	67,568,663	524,193,007	4,526,048,717	$ 0.66250	4,526,048,717	100.00%

Source: City of The Colony Budget Document
Denton Central Appraisal District

Note: The County assesses property at 100% of its market value. Tax rates are per $100 of assessed value.

[a] Includes adjustments to certified rolls.
[b] Includes tax exempt property.

TABLE 6

CITY OF THE COLONY, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS (UNAUDITED)

	City Direct Rates			Overlapping Rates	
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	Lewisville Independent School District	Denton County
2010	0.49158	0.19642	0.68800	1.409	0.24980
2011	0.49166	0.19384	0.68550	1.427	0.27390
2012	0.47997	0.20303	0.68300	1.426	0.27736
2013	0.46026	0.21974	0.68000	1.453	0.28287
2014	0.45902	0.21848	0.67750	1.477	0.28491
2015	0.47634	0.19616	0.67250	1.477	0.27220
2016	0.51036	0.15964	0.67000	1.420	0.26200
2017	0.56420	0.10330	0.66750	1.420	0.24841
2018	0.51500	0.15000	0.66500	1.408	0.23781
2019	0.50250	0.16000	0.66250	1.338	0.22557

Source: Lewisville ISD and Denton County.

CITY OF THE COLONY, TEXAS
PRINCIPAL TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

	2019		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value[a]**
TXFM Inc	$ 124,299,947	1	2.75%
Hudson MF LLC	91,363,320	2	2.02%
LMG Ventures LLC	87,705,208	3	1.94%
Residences of Lake District No. I LTD	82,023,905	4	1.81%
Austin Ranch Phase VI Investors LLC	78,731,600	5	1.74%
TXFM Inc	67,049,090	6	1.48%
Residences of Austin Ranch No. 4 M LLC	66,264,730	7	1.46%
Residences of Austin Ranch No. 3 M LLC	59,422,881	8	1.31%
AR No. 5 LLC	59,274,511	9	1.31%
AR Phase 2 LLC	59,267,129	10	1.31%
Residences of Austin Ranch Ph IV LTD	-		-
Residences of Austin Ranch Ph I	-		-
Residences of Austin Ranch PH II	-		-
Residences of Austin Ranch Ph I-IV LTD	-		-
Estancia at Morningstar II LP	-		-
Wal-Mart	-		-
Sonoma Grande at The Legends LP	-		-
Residences of Austin Ranch Ph V	-		-
Bristol Oaks Apartments P/S II LP	-		-
Wynnwood Peninsula Venture	-		-
	$ 775,402,321		17.13%

Source: City of The Colony Budget Document and the Denton Central Appraisal District.

Note: [a] Taxpayers are assessed on January 1, 2017 (2017 tax year) for the 2018 fiscal year.

2010		
Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value[a]
$ 38,000,000	1	1.77%
36,502,098	2	1.70%
34,000,000	3	1.58%
32,600,000	4	1.52%
24,057,853	5	1.12%
23,198,990	6	1.08%
23,176,013	7	1.08%
22,971,671	8	1.07%
17,437,000	9	0.81%
15,472,425	10	0.72%
$ 267,416,050		12.45%

TABLE 8

CITY OF THE COLONY, TEXAS
AD VALOREM TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	$ 14,712,417	$ 14,381,516	97.75%	$ 319,898	$ 14,701,414	99.93%
2011	14,374,862	14,170,540	98.58%	189,522	14,360,062	99.90%
2012	14,725,447	14,671,313	99.63%	4,182	14,675,495	99.66%
2013	14,857,405	14,770,162	99.41%	36,042	14,806,204	99.66%
2014	15,754,513	15,648,851	99.33%	48,993	15,697,844	99.64%
2015	17,809,441	17,649,319	99.10%	88,356	17,737,675	99.60%
2016	20,872,716	20,755,698	99.44%	25,239	20,780,937	99.56%
2017	24,520,957	24,217,306	98.76%	-	24,217,306	98.76%
2018	27,828,610	27,751,152	99.72%	-	27,751,152	99.72%
2019	31,386,802	31,261,237	99.60%	-	31,261,237	99.60%

Source: Denton County Tax Assessor and Collector

Note: [a] Taxpayers are assessed on January 1, 2018 (2018 tax year) for the 2019 fiscal year.

TABLE 9

CITY OF THE COLONY, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED)

	Governmental Activities				Business-Type Activities					
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations	Premiums/ Discounts	Water and Sewer Revenue Bonds	Other Obligations	Premiums/ Discounts	Total Primary Government	Percentage of Personal Income[a]	Per Capita[a]
2010	$ 18,215,000	$ 34,450,254	$ -	$ -	$ 18,810,000	$ 29,292,011	$ -	$ 100,767,265	6.32%	$ 2,254
2011	22,603,800	26,650,000	-	-	17,565,000	28,159,259	-	94,978,059	6.48%	2,083
2012	23,505,550	24,097,222	-	-	14,545,000	-	-	62,147,772	4.05%	1,360
2013	23,778,250	18,900,000	-	1,832,546	990,000	39,830,699	2,356,256	87,687,751	5.35%	1,896
2014	21,140,410	18,023,500	-	4,920,460	-	36,341,435	2,766,448	83,192,253	5.11%	1,849
2015	18,087,560	19,947,850	849,154	1,847,216	-	52,177,845	4,012,577	96,922,202	5.87%	2,154
2016	19,344,210	14,765,000	767,611	2,106,044	-	59,333,395	4,130,875	100,447,135	6.09%	2,271
2017	16,580,250	22,872,150	683,127	2,592,781	-	63,537,195	4,434,849	110,700,352	6.93%	2,621
2018	15,711,300	37,356,650	595,597	3,260,811	-	56,917,050	3,724,154	117,565,562	7.23%	2,793
2019	11,518,300	46,861,850	1,740,304	3,808,516	-	59,489,850	3,889,886	127,308,706	7.21%	2,854

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[a]See Table 14 for personal income and population data.

TABLE 10

CITY OF THE COLONY, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (UNAUDITED)

	Governmental Activities							
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations	Premium/ Discount	Less: Debt Service	Total	Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
2010	$ 18,215,000	$ 34,450,254	$ -	$ -	$ 3,543,540	$ 49,121,714	2.29%	$ 1,099
2011	22,603,800	26,650,000	-	-	3,364,276	45,889,524	2.19%	1,006
2012	23,505,550	24,097,222	-	-	2,247,214	45,355,558	2.10%	992
2013	23,778,250	21,256,051	-	1,832,546	2,122,759	44,744,088	2.05%	967
2014	21,585,733	19,320,803	-	4,920,460	1,257,148	44,569,848	1.93%	990
2015	18,087,560	19,947,850	849,154	1,847,216	1,257,148	39,474,632	1.50%	877
2016	19,344,210	14,765,000	767,611	2,106,044	1,826,579	35,156,286	1.13%	795
2017	16,580,250	22,872,150	683,127	2,592,781	1,027,528	41,700,780	1.15%	988
2018	15,711,300	37,356,650	595,597	3,260,811	902,127	56,022,231	1.37%	1,331
2019	11,518,300	46,861,850	1,740,304	3,808,516	863,999	63,064,971	1.39%	1,414

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[a]See Table 5 for property value data.

[b]See Table 14 for population data.

TABLE 11

CITY OF THE COLONY, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tax Rate Limit	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Current Tax Rate	0.688	0.686	0.683	0.680	0.678	0.673	0.670	0.6675	0.6650	0.6625
Available Tax Rate	$ 1.81	$ 1.81	$ 1.82	$ 1.82	$ 1.82	$ 1.83	$ 1.83	$ 1.83	$ 1.84	$ 1.84

Note: The City Charter of the City of The Colony, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to $2.50 per $100 assessed valuation. No direct bond debt limitation is imposed on the City under current state law or the City's Charter.

CITY OF THE COLONY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2019 (UNAUDITED)

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable[a]	The Colony Share of Overlapping Debt
Lewisville I.S.D.	$ 1,661,325,223	12.23%	$ 203,180,075
Little Elm I.S.D.	300,413,031	5.33%	16,012,015
Denton County	612,630,000	1.70%	10,414,710
	2,574,368,254		229,606,800
City of The Colony (direct debt)	63,928,970	100.00%	63,928,970
Total direct and overlapping debt	$ 2,638,297,224		$ 293,535,770

Source: Assessed value data used to estimate applicable percentages provided by Denton Central Appraisal District. Debt outstanding data provided by each governmental unit.

[a] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

TABLE 13

CITY OF THE COLONY, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS (UNAUDITED)

	Water and Sewer System Revenue Bonds				
Fiscal Year	Total Revenues[a]	Less: Operating Expenses[b]	Net Available Revenue	Annual Requirement[c]	Times Coverage
2010	$ 13,796,686	$ 7,963,716	$ 5,832,970	$ 4,416,029	1.32
2011	14,989,707	8,139,958	6,849,749	4,721,414	1.45
2012	13,925,260	8,660,247	5,265,013	4,265,022	1.23
2013	14,800,804	9,425,182	5,375,622	4,588,214	1.17
2014	15,013,195	9,871,033	5,142,162	1,795,023	2.86
2015	16,676,674	10,358,961	6,317,713	1,865,816	3.39
2016	16,354,249	11,636,866	4,717,383	2,840,353	1.66
2017	18,236,138	12,543,069	5,693,069	3,263,180	1.74
2018	20,365,808	12,730,553	7,635,255	3,088,754	2.47
2019	19,535,943	13,386,788	6,149,155	2,158,400	2.85

Note: [a] Includes operating and non-operating revenues.

[b] Includes operating expenses minus depreciation.

[c] Includes Principal and Interest.

TABLE 14

CITY OF THE COLONY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS (UNAUDITED)

Year	Estimated Population[a]	Personal Income	Per Capita Personal Income[b]	Median Age[b]	Median Household Income[b]	School Enrollment[c]	Unemployment Rate[d]
2010	$ 44,704	$ 1,594,189,344	$ 35,661	33	$ 92,104	6,476	7.1%
2011	45,600	1,466,450,400	32,159	30	62,738	6,435	7.8%
2012	45,700	1,535,657,100	33,603	33	76,663	6,472	7.0%
2013	46,248	1,639,954,080	35,460	30	62,738	6,688	7.0%
2014	45,000	1,627,605,000	36,169	33	73,842	6,714	5.5%
2015	45,000	1,652,040,000	36,712	35	74,162	6,739	3.2%
2016	44,228	1,648,067,964	37,263	35.5	93,076	6,718	3.5%
2017	42,228	1,597,147,416	37,822	35.5	83,877	6,656	3.4%
2018	42,090	1,625,347,440	38,616	34.9	84,769	6,451	3.3%
2019	44,610	1,766,065,290	39,589	35.5	84,469	6,250	3.1%

Sources: [a] Estimated Population - City of The Colony
[b] Per Capital Income, Median Age & Median Household Income - City of The Colony Economic Development Corporation
[c] School enrollment - Texas Education Agency
[d] Unemployment - Texas Workforce Commission

Note: Personal income is calculated by multiplying estimated population by per capita personal income.

TABLE 15

CITY OF THE COLONY, TEXAS
PRINCIPAL EMPLOYERS
CURRENT AND SIX YEARS AGO (UNAUDITED)

	2019			2013		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Nebraska Furniture Mart	1,800	1	7.64%			
Lewisville ISD	722	2	3.06%	722	1	3.32%
Wal-Mart	357	3	1.51%	357	2	1.64%
City of The Colony	325	4	1.38%	325	3	1.49%
Hawaiian Falls	250	5	1.06%	250	4	1.15%
Home Depot	112	6	0.48%	112	6	0.51%
Edward Don	105	7	0.45%	105	7	0.48%
Quest Resource Mgmt	100	8	0.42%			
Austin Ranch	93	9	0.39%	93	9	0.43%
Texas Roadhouse	90	10	0.38%	90	10	0.41%
TopGolf				150	5	0.69%
Williams Sonoma				100	8	0.46%
	3,954		16.77%	2,304		10.58%

Source: City of The Colony Economic Development Corporation

TABLE 16

CITY OF THE COLONY, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	29	33	43	43	44	30	31	34	34	38
Public safety	138	140	140	140	141	142	151	165	174	187
Public works	48	47	37	37	36	42	45	47	49	59
Culture and recreation	70	38	38	38	39	38	38	35	35	37
Water/wastewater/ Utilities	42	28	28	28	28	37	37	40	40	38
Total	327	286	286	286	288	289	302	321	332	359

Sources: City of The Colony Budget Document

THE
COLONY
City by the Lake

CITY OF THE COLONY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
Function/Program	**2010**	**2011**	**2012**	**2013**
Police				
Number of police officers	53	53	53	53
Number of violations (citations)	10,386	13,935	11,619	11,619
Municipal Court				
Number of traffic cases	9,480	13,460	11,532	11,532
Number of city ordinance cases	520	492	467	467
Fire				
Number of fire fighters	49	52	50	50
Number of paramedics	-	-	-	-
Number of emergency fire responses	581	735	568	568
Number of medical emergencies	1,831	1,926	1,774	1,774
Development Services				
Total number of building permits[a]	206	2,042	2,508	2,508
Estimated valuation[a]	$ 43,743,748	$ 80,964,772	$ 59,077,321	$ 59,077,321
Parks and Recreation				
Number of acres	983	983	983	983
Number of recreation center participants	33,589	39,166	43,083	43,083
Library				
Volumes in collection[b]	81,659	85,129	89,385	89,385
Number of library cardholders	16,960	19,479	20,453	20,453
Water and wastewater				
Number of water accounts	11,723	11,661	11,881	11,881
Average daily water consumption (millions of gallons)	3.86	4.50	4.57	4.57
Average daily effluent (millions of gallons)	2.28	2.16	2.34	2.34

Sources: City Departments

Notes: [a] Includes residential and commercial permits

[b] Includes books and media.

TABLE 17

Fiscal Year					
2014	**2015**	**2016**	**2017**	**2018**	**2019**
53	58	60	60	6	72
12,839	5,932	13,935	13,986	15,232	11,718
12,980	6,979	5,298	9,480	11,264	11,264
327	404	226	805	860	860
51	58	58	64	78	66
-	-	-	-	-	16
720	864	864	860	909	894
1,856	2,127	2,127	2,365	2,370	2,425
3,982	272	277	2,556	4,127	4,216
$ 198,981,751	$ 173,859,498	$ 127,234,464	$ 213,756,755	$ 271,621,030	$ 394,232,000
983	983	983	983	983	983
43,083	50,654	52,424	41,595	44,789	44,789
111,077	115,256	117,538	111,150	121,926	93,919
19,175	18,498	18,042	17,291	16,725	19,101
12,213	12,532	12,893	13,285	13,626	13,864
4.28	4.70	4.97	5.10	5.47	5.46
2.89	2.82	2.74	1,070	1	1.23

TABLE 18

CITY OF THE COLONY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
Function/Program	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Public Safety										
Fire Stations	3	3	3	3	3	3	3	3	3	4
Police Stations	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Parks and Recreation										
Number of parks	27	27	27	27	27	27	27	27	27	27
Number of baseball diamonds	11	11	11	11	11	11	11	11	11	11
Number of soccer/football fields	16	16	16	16	16	16	16	16	16	16
Public swimming pools	2	2	2	2	2	2	2	2	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Water and wastewater										
Water mains (miles)	179	193	197	197	209	212	216	194	195	199
Sanitary sewer mains (miles)	206	206	207	207	207	210	213	206	207	210
Fire hydrants	1,367	1,391	1,420	1,420	1,536	1,637	1,680	1,795	1,824	1,850

Sources: City Departments

Notes: [a] Includes residential and commercial permits

[b] Includes books and media.